



Daily Report

China

FBIS-CHI-93-050
Wednesday
17 March 1993

Daily Report

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FBIS-CHI-93-050

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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General

Germany May Sell Submarines to Taiwan via U.S.

OW1403025593 Beijing XINHUA in English 0131
GMT 14 Mar 93

[Text] Bonn, March 13 (XINHUA)—German Foreign Minister Klaus Kinkel stated at a party meeting today that he was against any export of submarines to Taiwan.

Addressing a congress session of the Free Democratic Party in the state of Bremen, Kinkel said selling arms to Taiwan would seriously harm Germany's relations with China and go against German Government's consistent principle of not exporting arms to regions where the situation is in tension.

German ship-builders have demanded the export of their submarines to Taiwan. Their demand was refused by the federal Security Council on January 28.

However, the German News Agency DPA, quoting the latest issue of the "FOCUS" weekly, reported today that there is a plan of exporting submarines to Taiwan through a "round way".

Under the plan, German submarines would be stripped and shipped to the United States and South Korea where they would be reassembled before provided to Taiwan.

The weekly revealed that German ship-builders would go to the United States to discuss the business.

German Official Denies Sale

OW1703030993 Beijing XINHUA in English 0259
GMT 17 Mar 93

[Text] Bonn, March 16 (XINHUA)—The German Government will not approve the covert sale of submarines to Taiwan, the German news agency DPA quoted a senior government official as saying on condition of anonymity today [17 March].

His statement came following a report in the latest issue of "FOCUS WEEKLY" magazine that the German shipbuilding industry was planning a "roundabout" sale of the submarines to Taiwan.

Under the reported plan, ten submarines would be dismantled and transported to the United States or South Korea, where they would be re-assembled and then delivered to Taiwan.

The official stressed that the ban on the export of submarines to Taiwan imposed by the federal Security Council on January 28 would not be lifted under any circumstances.

Selling submarines to a non-member nation of the North Atlantic Treaty Organization violated the principle on exports of weapons, the official added.

He commented that the arms deal with Taiwan was "ridiculous" and could rock Germany's overall China policy.

Bonn recognized "one China" and had abandoned its diplomatic relations with Taiwan, the official said. Germany would not wish to damage its large economic interests in China through a submarine deal with Taiwan.

Germany had received considerable benefits from China, the official said, particularly since the visit there by Foreign Minister Klaus Kinkel last November.

Journal Article Views Multipolar World

HK1703094593 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 10, 8 Mar 93 pp 27-29

[Article by Wang Shu (3769 2992): "Views on the Multipolar World"]

[Text] 1. A new multipolar world has appeared. People in different circles in the world are asking: What kind of world is this, after all? Naturally, the multipolar world is developing and changing and cannot be accurately predicted, but it can be stated that this world is different from the previous bipolar world. It is not a world in which many superpowers have replaced the two superpowers but a new world of reform.

We should understand that a multipolar world is a term in comparison with the bipolar world. "Multipolar" has come from the "bipolar," but the change from the "bipolar" to the "multipolar" is qualitative rather than quantitative. Of course, the multipolar world has inherited and continued the bipolar world in many aspects but it is different from the bipolar world in nature. Therefore, the poles in the multipolar world are different from the poles in the U.S.-Soviet bipolar world and the multipolar relations are also different from the bipolar relations of U.S.-Soviet contention for hegemony and East-West confrontation. There are, of course, many factors causing the emergence of the multipolar world but, fundamentally speaking, it has emerged out of the speedy world economic, scientific, and technological development and has been promoted by the common needs for human progress. The multipolar world has appeared amid natural and social changes and will promote further natural and social changes. Therefore, the multipolar world is a world of reform.

2. Speedy economic, scientific, and technological development is strongly promoting reform and progress in human society. In the last half century, there has been astonishing development in world material changes, and technological progress and human production and life have also seen tremendous changes. Progress has been made by leaps and bounds in nuclear energy, space-flights, electronics, lasers, superconductors, biotechnology, genetic engineering, organ transplants, new medicines, and other spheres; cars, high velocity trains, jet planes, telecommunications, television, and electronic

computers have entered man's daily life. The world has experienced a new industrial revolution, breakthroughs are being made in many high technology fields, a new society of information is replacing the traditional industrial society, and the world is being linked together. The world economy is speeding up its globalization and integration, economic links and cooperation between different countries are strengthening, and transnational companies, joint ventures, and other forms of cooperation are developing fast. Furthermore, the world ecological environment and all kinds of world social problems are worsening and need the cooperation of all countries to resolve.

However, the present state of human society lags far behind the tremendous progress in the material forces, science, and technology. The postwar, more than 40 years of cold war, and the arms race have consumed tremendous amounts of human, material, and financial resources in human society, leaving serious wounds needing extended treatment. The prolonged U.S.-Soviet contention for hegemony aggravated many problems, including differences between rich and poor in various regions, rivalry for border resources, ethnic and racial disputes, and religious factional conflicts; the clashes and wars resulting from these are still spreading. The bipolar pattern of U.S.-Soviet contention caused a heavy burden on society and the world but society will and can cope with the demands of the era, strive to practice reform, promote progress, and follow the continuous forward march of the world economy, science, and technology.

3. We can already see that the new multipolar world will be one of multforce and diversification. Although there are small, big, weak, and strong countries, and groups of countries, in the world and their influence and positions are different, they should participate in world affairs and display their role. The balance of world forces and international relations have changed tremendously and, although hegemonism and power politics will not disappear by themselves, countries will find it difficult to ignore the interests of other people or to ride roughshod in the world. It will be even more difficult to influence or force others to give up their sovereignty and serve their interests. Whatever could be accomplished during U.S.-Soviet contention in the past will be even more difficult to accomplish in the future.

All countries and groups of countries should be equal and respect each other in international affairs. Their roles may be big or small but they are indispensable to world peace and development. Some Americans are talking about the so-called U.S. world role. Unquestionably, the United States is now the only superpower in the world and has important influence on world politics, economy, and military affairs but the United States should undertake more responsibilities and duties for world peace and development, instead of feeling taller than the rest and riding roughshod. Moreover, U.S.-Soviet contention lasted for over 40 years and now the Soviet Union has disintegrated. The U.S. economy has

also weakened greatly, and it has piles of internal and external problems. Whether to stimulate its economy or cut expenditure has become a difficult problem to resolve. U.S. social, educational, and racial problems, as well as the big difference between rich and poor, are very serious and have caused people in various circles to worry. Clinton was elected because he used the slogan of carrying out reform and invigorating the economy. This exactly portrays the feelings of American voters. We should know that the U.S. position in the world cannot be compared with the past. It needs help from others in handling international problems. An example was the Gulf war. The forces of its allies have changed and Germany has caught up and become an economically powerful country. Moreover, the public of the Western allies demands more attention to domestic affairs and less concern for foreign affairs and there are increased calls to invigorate the economy and improve living standards. Leaders of the various countries cannot but consider voters' opinions, devote more efforts to the improvement of their domestic economies, and are more careful about making international commitments and involvement in regional conflicts. Some farsighted Americans point out that the United States should first get its domestic affairs in good shape and should not play the role of world military policeman.

4. This multipolar world is also a world of developing economy, science, and technology. It is also one of intense competition between countries, which should strengthen their cooperation. A new industrial revolution has arrived, characterized by the knowledge industry, including information, scientific research, and education. New technology is transforming traditional agriculture, transportation, commerce, and service businesses into a high degree of modernized undertakings which have entered millions of homes in all corners of the world. Thus, a major change is taking place on the face of human society. More and more countries have become aware that ensuring economic safety is the most important thing, either for their own national security or for world security. The future security problem will not only involve the military and arms issues but, more importantly, will also involve economic, scientific, and technological development and the actual strengths emerging from this development. Only by devoting major efforts to economic, scientific, and technological development can a country have a position in the international arena which is full of strong competitors. A competition is going on in the world for large-scale economic, scientific, and technological development to improve comprehensive national strength. This exactly portrays the most important trend in the present-day world.

In this worldwide competition, there are big and small countries and groups of countries, some with slower economic, scientific, and technological development, and others with faster, but all should help and cooperate with each other. Of course, there are different opinions, contradictions, and disputes, some of which may even be very

intense. These should be resolved on the principle of equality and mutual benefit; when these cannot be resolved immediately, patience is necessary for the maturing of conditions and opportunities. We should understand that following the development of the information and technological revolutions, world economic relations will become closer and different countries' mutual reliance and infiltration will strengthen. Stronger productive forces have broken through the boundaries of their own countries or regions in an attempt to find the world market for cooperation. The globe is therefore becoming smaller and smaller. A change or crisis happening in any corner can quite possibly spread fast and influence other places. Economic difficulties and crises, changes in economic policies, upward and downward adjustments of interest and tax rates, fluctuations in stock markets, and price changes will all affect a region's economies and politics and that of other regions. Terrorism, international criminal gangs, AIDS, contagious diseases, nuclear radiation, and drug trafficking have caused widespread anxiety in the world, whereas ethnic armed clashes, religious disputes, racial riots, the difference between rich and poor, famine, and floods of refugee will all the more affect the relevant regions themselves or world peace and stability. Therefore, all countries should strengthen mutual cooperation and aid. In this way they will make common progress and prosperity.

In future world economic development, full attention should be paid to the importance of South-North economic cooperation and assistance to prevent the gap between the South and the North from widening further. Of course, developing nations should take strengthening economic construction as their own main target; adjust their economic policies; reform their economic mechanisms; increase their economic, scientific, technological, and educational investments; improve and strengthen construction of basic facilities; strengthen international cooperation; absorb foreign investments; and enhance their economies and technologies to a new level. Developing nations themselves should strengthen bilateral, multilateral, or regional cooperation, but South-North cooperation and assistance are particularly important. In this respect, large developed nations have more responsibilities and duties. Developing nations urgently require the advanced technology, equipment, managerial experience, and capital of developed nations, whereas developing nations' markets, resources, and labor forces are indispensable to developed nations. If the gap between the South and the North widens and confrontation and clashes occur in some Southern countries, this will also not be favorable to Northern countries' economic development. South-North cooperation is beneficial to both sides, who should take a long-term view of development. If some large developed nations take advantage of their economic, scientific, and technological superiority to carry out trade discrimination, protectionism, sanctions, and embargoes or to demand other nations be subordinate to their interests, or even try to interfere in others' internal affairs, this violates the trend of world progress and will meet with even bigger failure.

5. The new multipolar world is developing and growing, is powerfully breaking old concepts, confinements, and restrictions, and is creating new concepts and mechanisms so that mankind can enter a new domain. People are asking how many poles this multipolar world has and what role this multipolar world will play. As I see it, any country or group of countries is a pole in this multipolar world as long as it has the ability and influence to participate in world affairs. To put it more accurately, it is a force in this multiforce world. Anyway, this world is a multiforce world and not a multihegemonic world. Unlike the United States and the Soviet Union in the past, no country or group of countries in the world can now monopolize or manipulate world affairs, forcing or driving others to follow its will. A new era is coming. Of course, in the way of its advance, there will be difficulties, twists and turns, and even failures but the rising light is bound to illuminate this new century.

United States & Canada

Les Aspin's Hospitalization Reported

OW1703032593 Beijing XINHUA in English 0255
GMT 17 Mar 93

[Text] Washington, March 16 (XINHUA)—U.S. Secretary of Defense Les Aspin was hospitalized this evening after complaining of a cough for two days, the Pentagon said.

Earlier today, Aspin canceled a scheduled trip to Capitol Hill to discuss the 1994 defense budget and the Pentagon attributed the cancellation to bad weather.

In a brief "Memorandum for Correspondents," the Defense Department said examination of Aspin today suggested the defense chief apparently suffers from a recurrence of a bronchial condition.

The Pentagon said Aspin's internist has recommended to have a pacemaker implanted for his heart problem this time while in the hospital.

"The procedure could take place as early as Wednesday," the statement said.

Aspin's hospitalization was a result of a previously scheduled appointment with his internist.

This was Aspin's second hospitalization since he became the secretary of defense.

In February, Aspin stayed in Georgetown University Hospital for five days after complaints of shortness of breath, a result of a pre-existing heart problem, known as hypertrophic cardiomyopathy, coupled with inoculation shots he received the day before his admission into the hospital.

Upon his release from the Georgetown University Hospital on February 25, doctors recommended that a pacemaker be implanted in his heart.

Li Guixian Receives Canadian Banking Delegation*OW1603120693 Beijing XINHUA in English 1054 GMT 16 Mar 93*

[Text] Beijing, March 16 (XINHUA)—Chinese State Councillor Li Guixian met with Cedric E. Ritchie, chairman and chief executive officer of the Bank of Nova Scotia of Canada, and his party here this afternoon.

Li, also governor of the People's Bank of China, briefed the visitors on China's financial restructuring and economic growth over the past few years.

Up to now a total of 240 foreign financial organizations have established representative offices in China while more than 70 foreign banks have set up branches and other institutions in the country.

Li welcomed more foreign bankers to cooperate with China in banking.

Ritchie said the Bank of Nova Scotia has enjoyed a long cooperative relationship with the Bank of China, hoping that such relations will continue to expand.

Ritchie arrived in Beijing this morning on his fifth visit to China to acquaint himself with China's present economic situation and explore the possibilities of establishing branches in Guangzhou and Shanghai.

The Canadian bank, founded in 1832, established a correspondent banking relationship with the Bank of China in 1956 and also extended loans to China for the construction of hotels, coal mines and thermo-power plants.

Chen Muhua Meets Group*OW1703080993 Beijing XINHUA in English 0725 GMT 17 Mar 93*

[Text] Beijing, March 17 (XINHUA)—Chen Muhua, vice-chairwoman of China's National People's Congress (NPC) Standing Committee, met with Cedric E. Ritchie, chairman and chief executive officer of the Bank of Nova Scotia of Canada, and his party here this afternoon.

They had a friendly conversation.

Ritchie arrived in Beijing Tuesday [16 March] on his fifth visit to China at the invitation of the Bank of China. He met with Li Guixian, Chinese state councillor and governor of the People's Bank of China, Tuesday afternoon.

Canadian Firm To Start Cellular Venture in Hubei*OW1603004493 Beijing XINHUA in English 2021 GMT 15 Mar 93*

[Text] New York, March 15 (XINHUA)—MTC Electronics Technologies Co. Ltd., a Canadian consumer electronics company, announced here today that it has

signed a joint venture contract on operating cellular telephone systems in central China's Hubei Province.

MTC Electronics Technologies and Hubei San Gao Telecommunication Technology Development Corporation will form an equity joint venture company—Hubei PT MTC Communication Development Corporation Ltd.—to build, own, and operate cellular telephone systems in Hubei Province. The joint venture company expects to commence operations this year.

The province of Hubei has a population of approximately 55 million. The Chinese Government is to construct one of the largest dams in the world in Hubei, some 200 kilometers west of the provincial capital city of Wuhan, which is the area targeted by the company for the initial phase of the Hubei cellular telephone system. The city of Wuhan has a population of approximately six million.

MTC will have 51 percent of interest in the joint venture, while Hubei San Gao will have 49 percent. MTC will be responsible for purchasing equipment and goods from foreign suppliers, installation and testing of the equipment, and training joint venture company staff. The joint venture contract will last 11 years.

Northeast Asia**Ministry 'Working' To Promote Stability in Korea***OW1703095293 Beijing XINHUA in English 0934 GMT 17 Mar 93*

[Text] Beijing, March 17 (XINHUA)—China today urged all parties concerned to work for continued easing and stability in the Korean peninsula.

A Chinese Foreign Ministry spokesman made the remark here this afternoon when asked whether China would work with other countries to persuade the Democratic People's Republic of Korea to change its decision of pulling out of the Nuclear Nonproliferation Treaty.

"It is in the common interest of the countries in the region to realize denuclearization of the Korean peninsula, properly deal with the current question and promote the situation in the Korean peninsula to continue to move toward easing and stability," he said.

"We have been working to this end," he added. "We hope that all the parties concerned would create conditions for this."

Beijing Air, Rail Services to Pyongyang 'Normal'*OW1703105993 Tokyo KYODO in English 1009 GMT 17 Mar 93*

[Text] Beijing, March 17 KYODO—The Civil Aviation Administration of China (CAAC) on Wednesday denied a rumor that Pyongyang airport in North Korea has been

closed, saying a weekly flight service from Beijing will operate on Monday as usual.

The North Korean Embassy in Beijing also said that Korea Civil Aviation Co. will not change its flight service between Beijing and Pyongyang every Tuesday and Saturday.

The Beijing station authority said everything is normal concerning international train services between Beijing and Pyongyang.

Liaoning Vice Governor Meets ROK Envoys

SK150302093 Shenyang Liaoning People's Radio
Network in Mandarin 2300 GMT 12 Mar 93

[Text] On the morning of 12 March at the Liaoning Hotel of Beijing, Wen Shizhen, vice governor of the Liaoning provincial government, met with Ho Se-lin, deputy chief of mission of the ROK Embassy in China, and So Sa-hyon, commercial counselor of the ROK Embassy in China.

Vice Governor Wen Shizhen thanked Envoy Ho Se-lin and the personages of all circles in the ROK for their vigorous support to the Liaoning economic and trade symposium held in Seoul last November. They also held talks on further conducting cooperation in machinery, electronics, light and textile industries, and everyday-use chemical industries.

Envoy Ho Se-lin and some important personages of the economic departments in the ROK attended the meeting.

Envoy Ho Se-lin said: The convocation of the economic and trade symposium in Seoul laid a foundation for deepening the understanding about both sides. From now on, we should further extensively expand the economic and trade contacts.

In an appointment with Vice Governor Wen Shizhen, Envoy Ho Se-lin plans to visit Liaoning to inspect the situation of investment by the ROK around late March and early April.

Both sides also explored ways for further developing the economic, cultural, trade, and nongovernmental friendly contacts; and suggested to further pioneer sea and air routes between Liaoning and the ROK.

Southeast Asia & Pacific

'Lack of Scrutiny' Over PRC-Burma Drug Trade

HK1003054193 Hong Kong AFP in English 0240 GMT
10 March 93

[By Pierre Lanfranchi]

[Text] Xiaotonghan, Sino-Burmese border, March 10 (AFP)—The pagoda in the small Chinese village of Xiaotonghan has two clocks: one indicating the time in

Beijing, while the other tells the hour in the Burmese capital of Rangoon. The Rangoon clock is an hour and a half behind Chinese standard time.

The village with its wooden houses, nestled in the jungle along the 2,000 kilometre (1,200 mile) Sino-Burmese border, survives on trade with Burma.

Burma, one of the world's most isolated countries, maintains privileged relations with China. Since the official opening of the border in 1988, ties have been made easier by the presence of 25 ethnic minorities on the Chinese side of the border in Yunnan Province, as well as along the boundary with Laos and Vietnam.

Many Burmese live on the Chinese side and mixed marriages are frequent, a Xiaotonghan resident said.

Burmese nationals can move about freely in the region. Hundreds of them sell their products at markets along the frontier, traffic hubs and thriving centers for prostitution. Trade is generally carried out through barter arrangements with Chinese goods being exchanged for sugar cane, ginger and Burmese textiles.

According to estimates, trade across the border reached more than 1.5 billion dollars in 1992.

The Chinese are also permitted to pass freely into Burma, but not further than 50 kilometres (30 miles) away from the border, Yunnan officials said.

As proof of China's domestic tourism boom, hundreds of well-dressed Chinese show up daily in tour groups at the Chinese border village of Ruili. For 70 yuan (13 dollars), they can spend a full day in the Burmese village of Nankang, a few kilometres (miles) from the border. The trip also includes a stop in Ruili.

At the night market of this tiny prefecture with its wooden huts, horses and dust, a multitude of Chinese and Burmese traders as well as Pakistanis and Thais negotiate deals for cloth, semi-precious stones, cosmetics and traditional medicines.

In Ruili, like in the "frontier economic experimentation zone" of Jiegao where the only development is a commercial street for Sino-Burmese trade, Chinese police and military presence is discreet.

The frontier is often unrecognisable except for grey, numbered cement standards with geographical markings in two languages.

The lack of scrutiny benefits opium and heroin traffickers, who operate in the region. Escaping patrols by passing back-and-forth over the border in the mountainous and jungled terrain is a simple task.

Nearly four tonnes of "China white"—the highest quality heroin available on the world market—were produced numerous, tiny laboratories on the Burmese side of the border, and seized by authorities last year.

Foreign experts estimate at least 10 times that amount passes into China and is later exported to Europe, the United States and Japan.

The border villages have seen the development of bilateral trade and the closeness of relations established in September 1988 between Beijing and Rangoon's junta. Located between India and China and facing the Indian Ocean, Burma is controlled in the north by rebels outside the reaches of the central government. It has assumed considerable importance in Beijing's eyes.

On the other side of the border in the city of Wanding, hundreds of hot Chinese workers repair a road heading towards Rangoon, a thousand kilometres (600 miles) from here. The road, built by the Allies during World War II, allowed Nationalist Chinese troops to fight the Japanese in Burma. It has become the main route for heroin from the Golden Triangle, which would not produce such a bountiful harvest of the drug but for the backing of China and Burma.

China holds the road as strategic, as evidenced by its willingness to assume the entire responsibility for repairs on both sides of the border.

Thai Official Arrives To Promote Rubber Exports

BK1303051093 Bangkok Radio Thailand Network in English 0000 GMT 13 Mar 93

[Text] Churin Laksanawisit, deputy commerce minister, is on a visit to the People's Republic of China to promote Thai rubber market there. It is expected that by the end of 1993, Thailand will be able to increase rubber exports to China substantially. Mr. Churin says China is a second largest importing country of Thai rubber after Japan. Rubber imports from Thailand have been about 56 percent of China's total imports, amounting to 120,000 tons of rubber. He expects a trade agreement to be signed during his visit from 11 to 21 March.

Mr. Churin says he will also invite Chinese importers to visit the rubber industry in Thailand. He is confident that Thai rubber will capture the Chinese market, although Malaysia and Indonesia present tough competition. Apart from China, Russia and Hungary are the next targets for Thai rubber exports.

Vanuatu Prime Minister Arrives in Shenzhen

OW1603104593 Beijing XINHUA in English 0944 GMT 16 Mar 93

[Text] Shenzhen, March 16 (XINHUA)—Maxime Carlot Korman, prime minister of southwest Pacific's Republic of Vanuatu, arrived here by car from Hong Kong today.

Korman, leading a six-member delegation, is in China as guest of Chinese Premier Li Peng.

Prime Minister and Mrs Korman were greeted at the Wenjindu port by Chinese Vice-Foreign Minister Liu

Huaqiu, who had come from Beijing earlier, and Shenzhen's Vice-Mayor Li Guangzhen.

The visit is Korman's first to China since he became the prime minister in December 1991. Apart from Shenzhen, he is also scheduled to visit Shanghai and Beijing.

Southern Airlines Begins Services To Singapore

OW1703104493 Beijing XINHUA in English 0932 GMT 17 Mar 93

[Text] Singapore, March 17 (XINHUA)—China Southern Airlines' (CSA) maiden flight to Singapore arrived at Changi Airport at 12:55 pm today and had left here at 2:20.

The sources of the Air China told XINHUA at the airport that with the rapid development of the relationship between China and Singapore, China Southern Airlines started its a weekly service on route Guangzhou-Singapore.

CSA also will start two weekly services on route Xiamen-Singapore on coming March 27.

CSA will use its brand new B-767 aircraft flying between Guangzhou and Singapore. The flight will leave Guangzhou at 9:00 am [0100 GMT] every Wednesday and arrive here at 12:55 pm and departure will be at 2:20 pm on the same day.

Xiamen-Singapore flight will use its fairly new B-757 aircraft, departing from Xiamen every Tuesday and Saturday at 10:00 am [0200 GMT] and arriving in Singapore at 2:20 pm. It will depart from Singapore at 3:40 pm on the same day.

In addition to Singapore, CSA now operates 10 international destinations. CSA also operates an extensive domestic route network from Guangzhou.

Now Air China operates three weekly B-767s on the route Beijing-Guangzhou-Singapore and two weekly B-767s on the route Beijing-Xiamen-Singapore. Singapore Airlines currently operates two weekly A-310 services between Guangzhou and Singapore and two weekly services between Shanghai and Singapore.

Silkair of Singapore will be starting two weekly B-737s to Xiamen from June 2.

'News Analysis' of Australian General Election

OW1403090993 Beijing XINHUA in English 0727 GMT 14 Mar 93

["News Analysis" by Wang Faen]

[Text] Canberra, March 14 (XINHUA)—In what local newspapers called a "political miracle" for the Australian Labor Party, the ruling party seems to have done a complete finish in the sprint to its goal of retaining the power.

The preliminary turnouts of the March 13 federal election apparently surprised the Australians as the opposition coalition, even the Labor Party itself, predicted on the eve of the election that it would be in power.

To the Labor, its majority of 15 seats in the House of Representatives, as Prime Minister Paul Keating said late last night when he announced the Labor's win, is a "sweetest" and "tremendous victory".

The Labor defeated the coalition by 76-61 in running for the 147-seat house although there are still seven seats unsettled until Monday [15 March].

However, the results have constituted a stunning blow to the coalition consisting of the Liberal and National Parties which had a high expectations of edging the Labor out of the power in this year's tight and tough campaign.

Two big issues have become the focus of the Australians' attention over the past five weeks of election campaign. One is the double-digit unemployment rate and the other is the 15 percent goods and services tax (GST).

The Labor entered the election running with a high rate of jobless, which stood at 11.1 percent last month, plus with soaring foreign debt and inert economy.

But, the jobless issue is widely believed to have become a major stumbling block for the Labor on its way to the top of the power, with many polls predicting during the campaign that the high unemployment would cost the Labor.

Resembling the last election, the Labor survived the dilemma. The "miracle" of the Labor's victory, analysts here believe, is mainly attributed to the coalition's GST policy.

The intention of the GST policy, as the coalition advocated, was to increase the competitiveness of the country's economy in the long run. However, on the contrary, it had scared those voters who fear that it would cost their living standards.

The Labor, taking advantage of the mood, had switched all its efforts to zero in on the opposition's GST policy, saying that it would change all the life of the Australians.

Opinion polls before the election showed that there was a mood of change among the Australians, who were thinking that a decade of power by the Labor is too long.

Ironically, "Australians want to change and at the same time they are also afraid of change," a government official told XINHUA.

"Australian voters opted for the devil they knew rather than the devil they weren't too sure about," "the CANBERRA TIMES" said.

Anyway, the coalition has admitted its defeat in the election and, as the local newspaper put it, it is the opposition's insistence on the GST that blew its chance of winning the power.

For the Labor government, it is still facing the challenges ahead. One thing for the Labor government to do in its fifth term is to live up to what Keating has promised to his people: Australians and their society can prosper in the 1990s.

West Europe

UK's Heath Remarks on Hong Kong in Interview
OW1603005393 Beijing XINHUA in English 1738 GMT 15 Mar 93

[Text] London, March 15 (XINHUA)—Former British Prime Minister Edward Heath has said that all-important thing in Hong Kong is to stabilize the situation there and that Britain must try to reach an agreement with China which is in the benefit of the future of Hong Kong. [sentence as received]

In an interview with BBC TV on Sunday [14 March], a copy of which was available today, Heath said the fact is that the Chinese believed that China and Britain had reached agreement about what is going to happen between now and 1997.

"Unfortunately, what is now being put forward (by Hong Kong Governor Chris Patten) is not within what they thought was the agreement," he said.

He added that the question is that what is best going to help Hong Kong. [sentence as received] "We have already seen, the reaction of a large part of Hong Kong is that they are horrified now this situation has arisen."

"We have got to be sensible about it and calm about it," he said.

The former prime minister warned that Britain must not under-estimate China. "They don't want to kill Hong Kong, but on the other hand, they are not going to be...dictated to by the British, having reached an agreement."

"We are no longer in a position to tell Beijing what they got to do or what they have not got to do. We can't do that as a country," he said.

He pointed out that if Britain wants to get China to adhere to its undertakings on Hong Kong, "we've also got to be absolutely certain that, and convince them, that we are adhering to our undertakings." "That's absolutely essential," he stressed.

Visiting Portuguese Minister Seeks Balanced Trade*HK1603141093 Beijing CHINA DAILY in English
16 Mar 93 p 2*

[Report by staff reporter Chang Weimin: "Portugal To Even Trade With China"]

[Text] Chinese and Portuguese high-ranking officials yesterday said their countries would balance bilateral trade, which favoured China by \$21 million last year.

Faria De Oliveira, Portuguese Minister for Foreign Trade and Tourism, said his government was considering lending China \$200 million to buy goods from Portugal.

Oliveira said preferential loans were a "good way" to create conditions to balance trade.

He is leading a 36-strong delegation consisting of entrepreneurs from big-name enterprises. The one-week visit is until Friday [19 March].

In Beijing yesterday they had talks with officials from the Chinese Ministry of Foreign Economic Relations and Trade (Mofert).

Gu Yongjiang, Vice-Minister of Foreign Economic Relations and Trade, responded positively to Oliveira's suggestions, saying he believed the loans would promote trade between the two countries.

"We appreciate the Portuguese government's efforts for a balanced trade," Gu said. Further talks on the loans will be held later.

In 1992, China exported to Portugal \$44 million worth of cereals and livestock products, textiles, daily-use consumer appliances, arts and crafts, and chemical materials.

But its imports from Portugal—including paper, paper pulp and copper ore—stood at only \$22.93 million.

"We hope to import more from Portugal," Gu said. Mofert will help Chinese enterprises learn what Portugal can supply and take measures to buy more.

In 1989, China increased imports from Portugal by putting copper ore on its purchasing list. In 1991 and

1992, two Chinese purchasing groups went to Portugal and signed contracts on buying paper pulp and cork.

Gu said China would beef up efforts to buy more Portuguese-made chemical materials, fertilizers, steel and steel products.

In the second half of 1993, China and Portugal will hold the third session of the Sino-Portuguese Economic and Technical Co-operation Mixed Commission in Lisbon.

Gu and Oliveira said they were both optimistic. Gu suggested Portuguese entrepreneurs make good use of regular half-year commodity fairs in Guangzhou, Guangdong Province.

Chinese and Portuguese could exchange information at the Mofert organized fairs, Gu said.

He suggested holding seminars on Sino-Portuguese economic co-operation and trade in Zhuhai, a special economic zone, or Macao.

"We will send more groups to Portugal and, meanwhile, expect more to come to China," Gu said.

Li Lanqing, Minister of Foreign Economic Relations and Trade, suggested after meeting Oliveira on Sunday that medium-sized and small Portuguese enterprises invest in Chinese cities such as Zhuhai.

The Portuguese delegation will visit Guangzhou, Shenzhen and Zhuhai from tomorrow.

Envoy Presents Credentials to Cypriot President*OW1203153793 Beijing XINHUA in English 1351
GMT 12 Mar 93*

[Text] Nicosia, March 12 (XINHUA)—China's new ambassador to Cyprus Chen Zhenyou presented his credentials to President Glavkos Kliridhis here today.

During talks that ensued, Clerides expressed his confidence that the relations between China and Cyprus will be further enhanced.

Speaking on the same occasion, the new ambassador highly praised the good relations between the two countries and hoped that the amicable ties and cooperation between the two sides will continue to deepen.

Eighth National People's Congress

NPC 'Missions,' Leadership Issues Assessed

OW1703002293 Beijing BEIJING REVIEW in English
No 11, 15-21 Mar 93 p 4

[Article by Li Haibo: "Missions of the Current NPC Session"]

[Text] Once the general goal of building socialism with Chinese characteristics is set, the biggest question the country will face is how to realize its ambitious development blueprint. There are two decisive factors human and legal. The country needs a new generation of leaders to carry on the current policies initiated by Deng Xiaoping, and a series of laws and regulations to guarantee its political stability and economic growth.

The First Session of the Eighth National People's Congress (NPC), to open on March 15, is supposed to answer the question of how to act. The major missions of the session include the election of fresh state leadership and the approval of amendments to the Constitution. With these two assignments, the new NPC session becomes the most important spotlight since the 14th National Party Congress held last October.

As the highest organ of state power, the NPC is elected for a term of five years and meets once a year. This year, which marks the holding of ballots for the NPC, is to see the Seventh NPC (1988-93) expire and the Eighth one begin.

After the First Session of the Eighth NPC concludes in about two weeks, a team of top leaders will emerge, including chairman of the NPC Standing Committee, state president, premier of the State Council, chairman of the Central Military Commission (CMC), president of the Supreme People's Court, and procurator-general of the Supreme People's Procuratorate. Some will be new post-holders, others not.

Last year's Party Congress impressed the populace with its introduction of young blood for Party leadership. Since then analysis and ordinary people have been pondering the candidates for state leadership. Though opinion has been found to be far from unanimous, it is clear to the public that, for the first time in the history of the 44-year-old People's Republic, none of the above-mentioned posts is likely to be held by a Long March veteran. NPC Standing Committee Chairman Wan Li and President Yang Shangkun, both old revolutionaries who relinquished their Party Politburo commitment four months ago, are intending to retire after the NPC session ends.

In the interim, the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC), the nation's top advisory body, will select its new chairman at its first session, starting on March 14. The former chairman, Li Xiannian, died last June.

The chairmanships of the NPC, CPPCC and CMC, presidency and premiership, the most important posts of the state and government, are widely believed to be retained by the members of the Standing Committee of the Party Politburo.

The tendency implies that the Communist Party is increasingly acting as the core force in the country's modernization drive. This is also indicated by the fact that it was the Party Central Committee which formally proposed amendments to China's present and fourth Constitution, adopted in 1982. The proposed revisions are generally acknowledged to encapsulate the major experience of the reforms and opening up over the past 14 years.

During the 14th National Party Congress last October, the Party Central Committee declared, for the first time, that "the objective of economic restructuring is to develop a socialist market economy." Now the Party leadership wants to write the "socialist market economy" into the Constitution, thus replacing the existing constitutional statement that the state practices a planned economy on the basis of socialist public ownership.

The proposed constitutional changes also include the declaration that China is at the preliminary stage of socialism. This period, according to the Party, will last for at least a century. All principles and policies must be based on this fundamental reality. The Party, government and the people must not divorce themselves from it or try to skip the stage.

Possibly some people are still skeptical about a market economy, and even the reform and opening policy which has initiated a socialist market economy. Such individuals, though not many, are nostalgic for the old economic pattern, with its low prices and high state subsidies. The majority, however, never want to revert to the old economic structure, the so-called deficient economy. One of the NPC's main tasks is to reflect popular desire for prosperity, stability and contentment by endorsing a socialist economy.

The parts of the Constitution to be revised, along with other laws and regulations the NPC session will enact, will embody the theory of building socialism with Chinese characteristics, the crystallization of China's practices in its reforms and opening to the outside world. The current NPC meeting and future ones are supposed to enrich, enforce and defend the theory. Anyone who tries to change, weaken or betray such doctrine will definitely be pushed aside by history.

XINHUA 'Feature' on Opening of NPC Session

OW1603052893 Beijing XINHUA Domestic Service in Chinese 1324 GMT 15 Mar 93

["Feature" by Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391) and XINHUA reporters He Ping (0149 1627) and Zhang Sutang (1728

1372 1016): "An Historical Juncture—Written on the Occasion of the Opening of the First Session of the Eighth National People's Congress"]

[Text] As the rising sun shone upon the golden national emblem, as the spring breeze swayed the fluttering national flag, and as the solemn national anthem once again filled the air, 2,898 people's deputies in the Great Hall of the People felt an upsurge of emotion.

As the Seventh National People's Congress' [NPC] five-year mission came to a successful conclusion, the Eighth NPC took over the historical relay baton to shoulder the new, heavy responsibility.

The date 15 March 1993 marks an historical juncture.

Joining a stream of deputies into the Great Hall of the People, Liu Yunsheng, a new deputy from Sichuan Province, waited for the solemn moment with excitement: "This grand session has drawn worldwide attention and will become a new milestone in China's march toward the 21st century."

All power belongs to the people—at this very moment, each and every people's deputy seated in the supreme organ of state power had a real feeling of the weight of this statement.

Chairman of the China Democratic National Construction Association Sun Qimeng, who has been a deputy since the First NPC, had a distant yet clear memory of the past: "Even the common program drawn up as a provisional constitution during the first days of our People's Republic included provisions for the system of people's congresses. We not only avoided the path of a Western parliamentary system and refrained from copying the Soviet model in its entirety, but we established a people's congress system with Chinese characteristics." As a witness to history, he firmly believes that the incoming people's congress will further advance the development of democracy and the legal system throughout the country.

The Great Hall of the People could serve as a witness, for it is the place where one NPC after another has deliberated and adopted state laws, decided on major state policies, and exercised the sacred powers endowed upon them by the constitution.

History has proved that the progress of democracy and legal system could never be separated from a nation's economic development. The reform and opening up to the outside world over the past 14 years has brought earthshaking changes to China, and opened up a new page in the development of socialist democracy and the legal system.

Inside the East Hall, which was filled with the hubbub of voices, deputies were heard everywhere replying to Chinese and foreign reporters: "We have full confidence in the nation's future!"

"The nation is enjoying a favorable situation of reform and opening up to the outside world as well as rapid economic development." Deputy Ye Gongqi from Shanghai said: So long as we continue to adhere to the line of reform and opening up to the outside world, and carry on for 100 years to come, the magnificent cause of the four modernizations will surely be accomplished.

Ma Man Kei, who has served several consecutive terms, wrote a poem on the spot to express his feelings: "Amid nationwide rejoicing, the heroes convene a grand session and draw up magnificent plans to open up new horizons for the divine land."

—"In the next five years, we will—based on our great achievements in reform, opening to the outside world, and the modernization drive over the past 14 years—take a major stride forward in establishing a socialist market economic system, open up further and wider to the outside world, and fulfill our objective of quadrupling our GNP ahead of schedule so as to lift our national economy to a new level." This is the magnificent blueprint Premier Li Peng put forward in his report.

—"As our main policy has already been determined, the key now lies in doing serious and solid work, and seizing the opportunity for development." This is also the common understanding of all deputies.

There is a new opportunity as well as a new mission.

As General Secretary Jiang Zemin pointed out, the current NPC session is an important meeting following the 14th CPC National Congress. It carries the great expectations of people across the country and attracts attention from foreign media. This session will elect new state leaders: This is an important matter that has a bearing on the overall situation and is an important function serving as an organizational guarantee for carrying forward the revolutionary cause pioneered by our predecessors; for forging ahead into the future; and for comprehensively implementing the guidelines of the 14th CPC National Congress. Jiang Zemin hoped that the current session would be one of democracy, unity, realism, and motivation.

Wan Li, chairman of the Seventh NPC Standing Committee, walked into the rest lounge beaming with satisfaction. It was under his very chairmanship that the Seventh NPC and its Standing Committee made new progress in legislation, supervision, and self-development. He expressed the sincere hope that the incoming NPC would perform its work even better than the outgoing one.

President Yang Shangkun expressed this hope: Although I am not a deputy to the Eighth NPC, I am still paying close attention to it and wish it complete success.

Colorfully decorated lanterns flood-lighted a hall seated with thousands of deputies.

Reverberating under a dome lit up by numerous star-like lamps, one thunderous round of applause after another showed absolute faith in the Republic's great future.

Every juncture in history heralds a new evolution.

Hong Kong Newspapers Hail NPC, CPPCC Sessions

OW1603125593 Beijing XINHUA in English 1218
GMT 16 Mar 93

[Text] Hong Kong, March 16 (XINHUA)—Major newspapers here today frontpaged the opening of the first session of the 8th National People's Congress (NPC), highlighting China's position on Hong Kong reiterated in Premier Li Peng's Government Work Report.

WEN WEI PO said in an editorial that the opening of the first session of the 8th NPC is a new milestone in China's reform and opening to the outside world as it is to elect new top leaders of the state, revise the Constitution to include the principle of establishing a socialist market economy, and accelerate economic development in China.

The Hong Kong COMMERCIAL DAILY said in its editorial entitled "China Has the Ability To Accelerate Economic Development" that "Hong Kong's economic prosperity can not be divorced from the mainland and that Hong Kong people are eager to see great development and prosperity on the mainland."

Turning to Premier Li Peng's remarks on the Hong Kong issue, WEN WEI PO's editorial said that this showed China's great concern over what the British side has done on Hong Kong. "China has never been vague on matters of principle," the editorial stressed.

The editorial noted the fact that Premier Li Peng's exposition on Hong Kong was warmly applauded for several times by more than 2,800 deputies to the Eighth NPC and 2,000 members of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC).

"This shows the full support of the NPC and the Chinese people for the government's position and demonstrates their will and ability to ensure a smooth transfer of power and a successful transition," the editorial said.

"The British side will reap what it has sown out of its wrong assessment of the current situation," the editorial warned.

The Hong Kong ECONOMIC TIMES, in a signed commentary, urged China and Britain to reopen talks on the basis of the Sino-British Joint Declaration, the principle of convergence with the Basic Law and understandings and agreements reached between the two countries.

"This will save the Hong Kong people from being thrown into the political dispute and enable them to concentrate their efforts on local economic development," the commentary added.

The MING PAO daily news in an editorial said that more people from Hong Kong and Macao have become deputies to the NPC and members of the CPPCC National Committee. "This showed the central authorities have attached greater importance to the two regions," it added.

The WEN WEI PO editorial said the term for deputies to the 8th NPC and members of the 8th CPPCC National Committee will straddle 1997. Their energy and wisdom will be needed for the smooth transition of Hong Kong and the implementation of the Basic Law so as to contribute to the revitalization of the Chinese nation," the editorial added. [no opening quotation marks as received]

Government Work Report Terminology Series

Part One

OW1603092093 Beijing XINHUA in English 0806
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—(This is the first of a series of explanatory notes on terms taken from the Government Work Report delivered by Premier Li Peng at the ongoing session of the Eighth National People's Congress—editor)

1. "Yinhe-II" super computer: The computer is able to perform one billion calculations per second. Listed as one of major projects of scientific and technological development in China's Seventh Five-Year Plan, it passed state appraisal on November 19, 1992, marking a breakthrough in large-scale scientific project calculation and data processing.

The super computer was developed by the Computer Institute of the Science and Technology University of National Defense.

It is the first large-scale vector computer system capable of handling one billion commands per second that China has developed. The computer is a shared system with four tightly coupled processing units. Its central processing unit (CPU) stands as high as 50 megahertz; its basic word length reaches 64 bits; and its main random access memory (RAM) is 256 megabits. It has two separate input and output sub-systems.

The super computer is ten times faster than the Yinhe-I computer that China developed in 1983. The latter is a vector computer system capable of handling 100 million commands per second.

2. The water conservancy project at Xiaolangdi on the Yellow River: A key project for the harnessing and development of the Yellow River, it is listed in the

country's Eighth Five-Year Plan of National Economy and Social Development (1991-95).

The project's big dam is located at the outlet of the river's last gorge on its middle section. The project is composed of three major parts: A dam, anti-flooding and sand-discharge installations and a hydropower station.

The designed maximum height of the dam will be 150 m. [meters], total storage capacity of the reservoir will be 12.65 billion cu [cubic] m., effective storage will be 5.1 billion cu m., and the installed capacity of power generators will total 1.8 million kw [kilowatts].

Construction time for the project will be nine years, requiring an expected total investment of 10.7 billion yuan. Preparatory work for the project began in September, 1991.

3. Projects of water diversion from south to north: Construction of the projects was decided by the central government in 1978. The projects will divert water from the Yangtze River to north China, north of the Yellow River, to make up for shortages of water supply for industrial and agricultural production there.

The blueprinted projects are to divert water from the lower reaches of the Yangtze River to Hebei Province and Tianjin city, proceeding along the ancient North-South canal and crossing the Yellow River in Shandong Province. The total length of trunk canals will be 1,150 km.

Preliminary design expects to divert 30 billion cu m. of water from the Yangtze every year, equivalent to over half of the total flow of the Yellow River. The first-phase construction of the projects was completed in 1990, which includes a 646-kilometer water diversion project extending from Jiangsu province to Shandong Province.

When the projects are completed, they will add water supplies for industries in Jiangsu, Anhui, Shandong and Hebei Provinces and Tianjin city, provide irrigation for 400,000 ha [hectares]. Of farm land, and improve drainage capacity for 18,000 sq [square] km of land. In addition, the ancient canal between Beijing and Hangzhou in Zhejiang Province will be able to accommodate 1,000-ton ships along its whole length.

4. The Beijing electron-positron collider: One of China's key construction projects, it has been developed by the Institute of High Energy Physics under the Chinese Academy of Sciences.

The electron-positron collider conducted the first successful collision on October 16, 1978. The positive and negative electrons have a power of 2.2 billion electron volts and 2.8 billion electron volts respectively.

The complex is composed of five parts: A linear accelerator, a perimeter storage ring, a detector, a synchrotron radiation laboratory and a computer center.

Scientists of the Chinese Academy of Sciences obtained new data of the "tau" particle mass during an experimentation on the collider in 1992. In the next few years, the data of the "tau" particle mass will be used in the universal particle table by international high energy physics circles for the first time in history.

Part Two

OW1703013:93 Beijing XINHUA in English 0109
GMT 17 Mar 93

[Text] Beijing, March 17 (XINHUA)—(Following is the second of a series of explanatory notes on terms taken from the government work report that Premier Li Peng delivered to the ongoing first session of the Eighth National People's Congress—editor)

5. Double-track price system for capital goods: Under the system, prices of capital goods covered by state plans are fixed by the central government, while prices of those not covered by state plans are set by producers in response to market demand.

The price system was introduced in the early 1980s, serving as a temporary measure to ease price discrepancies, stimulate the production of energy and raw materials, and avoid sharp price fluctuations.

China has now decided to gradually replace the double-track system with a single-price system, by raising state-fixed prices to near market prices for such basic products and services as coal, electricity, oil and railway freight. This is designed to cut losses by state-run enterprises and enable them to expand.

6. The price regulation fund: This is specially assigned from state treasury and exclusively used to subsidize producers for certain products with a view to stimulating the production of such products and stabilize their prices.

Since 1991, most of the provinces, municipalities directly under the central government and autonomous regions in the country have established price regulation funds for non-staple foods, such as vegetables, eggs and meat. Some localities have also set up special price regulation funds for agricultural and industrial capital goods.

7. The state commodity reserve system: The system is established at central and provincial levels as an important measure to safeguard economic stability against unpredictable catastrophes and tumbles of the market. Under the system, governments at the two levels set aside reserves of commodities that directly affect the stability of the country and the well-being of the people, including grain, cotton, edible oil, sugar, steel, fuels, medicine and relief goods.

Governments will entrust state-run capital goods businesses as well as marketing and supply cooperatives to undertake the management of commodity reserves. The government will regulate market demand and supply and

stabilize prices through buying and selling of such commodities to protect the interests of producers and consumers.

8. The agricultural relief fund for natural disasters: This is designed to replace government subsidies for the purchasing prices of grain. It is a complementary measure to support protective prices for grain and other major agricultural products.

The fund will be established at the central and provincial levels. Money will come mainly from government subsidies for purchasing prices of agricultural products. The fund is designed to stabilize the prices of grain and stimulate its production.

Delegates', Groups' Comments on Session Reported

Sichuan Secretary, Governor Speak

HK1703081493 Chengdu Sichuan People's Radio
Network in Mandarin 2300 GMT 15 Mar 93

[Excerpt] Yesterday, no sooner had the opening ceremony of the First Session of the Eighth NPC ended than this reporter interviewed provincial Governor Xiao Yang amid the moving crowds of deputies.

He told this reporter: After listening to Premier Li Peng's report, what impressed me most is that we need to seize the opportunity to strive to further upgrade economic development. We must emphasize studying the question of how to upgrade the economy in light of Sichuan's actual conditions.

Yesterday afternoon, in the group discussions of the Sichuan delegation, provincial party Secretary Yang Rudai said: The Government Work Report has fully affirmed the achievements over the past five years. Since Comrade Deng Xiaoping's remarks during his southern tour last year and with the guidance of the spirit of the 14th CPC National Congress, the national economy has entered a period of speedy development, the extent of reform has been enlarged, the target of establishing the socialist market economic system has been set, and the scope of opening up has widened, extending from coastal areas to the hinterland. Coastal areas have advantages, and so does Sichuan Province. First, it has a big market of 100 million people. Second, it is rich in raw and semifinished materials. Third, it has an industrial foundation with inland developments. Fourth, it has numerous scientific and technologically talented people. Now the point is how we can make use of these advantages. At present, it is necessary to conscientiously implement the spirit of the 14th CPC National Congress, seize the favorable opportunity, and strive to further upgrade the economy. It is necessary to pay very close attention to agriculture and communications, which are two weak links. [passage omitted]

Jilin Secretary Holds Discussion

SK1703093693 Changchun Jilin People's Radio
Network in Mandarin 1030 GMT 16 Mar 93

[Excerpt] On the afternoon of 15 March, Jilin's deputies to the First Session of the Eighth National People's Congress held a conscientious discussion on the Government Work Report given by Premier Li Peng. Those who spoke unanimously held: This report realistically summarized the work of the past five years, comprehensively analyzed the current situation, systematically arranged the major tasks for the national economic and social development for the next five years, and scientifically expounded the state's basic domestic and foreign policies. It implemented the party's basic line and fully embodied the guidelines of the 14th party congress. Conscientious study and implementation of the guidelines of this report will certainly facilitate reform, opening up, and economic construction of China and Jilin Province.

Deputy He Zhukang said in his speech that to thoroughly understand the guidelines of the report, we should first correctly estimate the situation and enhance our sense of urgency for accelerating development. He said: The situation is developing very well at present, and there are many favorable conditions. We are provided with conditions for vigorously bringing the economy to a new stage and a favorable international environment. This is a golden opportunity. Judging from the domestic situation, thanks to three years of economic improvement and rectification, the economic environment has become more relaxed, the economic order has been notably improved, reform has been further deepened, the endeavor of opening to the outside world has been expanded continuously, the economy has grown in a sustained and stable manner, commodity supplies have been ample in the markets, and living standards have improved. With the guidance of the important speeches given by Comrade Deng Xiaoping during his south China inspection and the guidelines of the 14th party congress, in particular, China's economic construction has entered a new stage of robust development. Judging from the situation of the province, the goal of making the province's economy cross a new threshold after three years of hard work as put forward by the provincial party committee last year has boosted the enthusiasm of the people across the province and accelerated reform and opening up. The construction of economic development zones, open zones, and high- and new-tech development zones has been expedited. The number of foreign-funded enterprises approved in 1992 alone was two times more than the total approved previously. The reform for the state-owned enterprises to transform their operating mechanism has developed in both range and quality, and other supporting reform measures aiming at establishing the market economy system have been issued. The province's economic development has entered a period of rapid growth.

Deputy He Zhukang emphasized: We must seize the favorable opportunities at home and abroad and make

the best of various favorable conditions to consolidate and develop the excellent situation and concentrate efforts to pushing Jilin's economy forward.

Speaking on how to implement the guidelines of the premier's report in a creative manner and in line with the reality and promote Jilin's economy, Deputy He Zhukang said: The most important thing is to emancipate the mind, change ideas, accelerate reform and opening up, and mobilize and organize the people across the province to work hard to build Jilin into a developed border near-sea province. This represents not only a breakthrough in geographical definition but implies a change in ideas, an adjustment in the development strategy, and a rise in the overall level of economic and social development. When this goal is attained, Jilin's economy will be ranked among the advanced. This will have a great influence and far-reaching significance in the long-term development in the future.

Deputy He Zhukang also pointed out: To build a developed border near-sea province, the key lies in opening wider to the outside world. We can turn our geographical and resources advantages into economic advantages and turn the border near-sea province which is merely one in a geographical sense into one with a developed economy and progress in all sectors of society only when we open our door wide; open the border to reach the sea; and use more funds, technology, markets, and managerial experiences of the localities outside the province and outside the country, and use them better. Meanwhile, we should advocate earnest efforts in doing practical work and great efforts in implementation and make sure that the good laws policies defined by the party and the government are implemented to the letter and create fruitful results in reform, opening up, and economic construction.

Also participating at the discussion were deputies Quan Zhezhu, (Lu Zhiming), and (Geng Gaojie). They talked animatedly about their own experiences in studying and understanding Premier Li Peng's report. They also offered many good opinions and suggestions on opening wider to the outside world, invigorating large and medium-sized state-owned enterprises, and developing township enterprises more rapidly.

Deputy Gu Changchun presided over the discussion.

Further on Zou Jiahua Report on Development

OW1703021193 Beijing XINHUA Domestic Service in Chinese 0245 GMT 16 Mar 93

[Text] Beijing, 16 Mar (XINHUA)—In his report to the first session of the Eighth National People's Congress [NPC] on China's national economic and social development in 1992, Zou Jiahua, vice premier and minister of the State Planning Commission, said: In 1992 China notably quickened the pace of reform and opening up as well as the modernization drive. The entire country is full of vitality, and major achievements have been scored

in all sectors. The economy is getting off to a good start in a new stage of development.

Zou Jiahua added: In 1992, in line with the demand of building a socialist market economy, our country pushed forward economic restructuring and opening up to the outside world in breadth and depth with unprecedented momentum. Rural reform has also deepened. The promulgation and implementation of the "Regulations Governing the Change of Operating Mechanisms by Industrial Enterprises Owned by the Entire People" forcefully propelled enterprises to quicken the pace of changing operating mechanisms and entering the market. In addition, the country actively experimented with shareholding systems and stock offerings, took a huge step in price reform, accelerated cultivation of different types of markets, initiated housing reform in an all-around way, reformed the social security system step by step, and made new progress in reforming both planning and other systems. In addition, it notably increased the area and scope of opening up to the outside world and established a basic structure of opening up in all domains, at different levels, and through many channels.

Zou Jiahua cited a series of figures to explain the rapid growth of the national economy and the all-round development in production, construction, circulation, and foreign economic relations. He said: The gross national product [GNP] for 1992 grew 12.8 percent over the previous year. The rural economy enjoyed overall prosperity, with grain output totaling 442.58 billion kg and cotton output reaching 4.528 million tonnes in 1992. Industrial production also grew rapidly, and efficiency steadily turned around. Electric power output totaled 747 billion kwh, up 10.3 percent from the previous year; steel output reached 80 million tonnes, an increase of 12.7 percent; and chemical fertilizers topped 20.99 million tonnes (converted to 100 percent efficiency), rising 6.1 percent. The ratio between tax and capital in industry rose from 9.7 to 10.1 percent; turnover of circulating funds increased from 1.55 to 1.62 times; and the overall industrial labor productivity rate calculated in terms of the net output value rose 19.5 percent. Total investment in fixed assets came to 758.2 billion yuan (according to new statistics, the planned figure [ji hua kou jing 6060 0439 0656 1777] was 727.8 billion yuan), an increase of 37.6 percent over the previous year. A number of major construction projects were completed and put into operation in 1992. Some 12.23 million kw of power generation capacity was added; 1,738 km of new railway lines, double-track lines, and electrified lines were built; 45.26 million tonnes of cargo handling capacity was added to coastal ports; and 2,376 km of highways were constructed. The domestic market enjoyed brisk business, with total retail sales rising 9.8 percent. The price of all retail commodities rose 5.4 percent within the state plan's target. Import and export volume reached \$165 billion, an increase of 22 percent over the previous year. A total of \$18.8 billion of foreign capital was used in 1992, up 62.7 percent. The number of

Chinese-foreign joint ventures, cooperative enterprises, and wholly foreign-owned enterprises increased by large margins.

Zou Jiahua also briefed the session on the development of science and technology, education, and other undertakings last year. Some 31,000 major scientific and technological achievements at the provincial and ministerial level were achieved, and some reached advanced world levels. Enrollment at regular universities and colleges rose 21.7 percent over the previous year. He also said that 1992 was a year of considerable increase in urban and rural people's income. Per capita income of urban residents was 1,826 yuan, an increase of 8.8 percent after adjustment for price factors, while per capita income of rural residents was 784 yuan, an increase of 5.9 percent after adjustment for price factors. He also pointed out that the income of state functionaries and workers of some problem enterprises rose rather slowly, and that the peasants' living standards in some poverty-stricken areas were still quite low.

Views Economic Growth Prospects

OW1703014993 Beijing XINHUA Domestic Service in Chinese 0250 GMT 16 Mar 93

[Text] Beijing, 16 Mar (XINHUA)—In a report to the First Session of the Eighth National People's Congress [NPC], Zou Jiahua, vice premier of the State Council and minister in charge of the State Planning Commission, today projected our country's economic trends in 1993 and proposed measures to alleviate "bottlenecks" that impede economic growth.

Zou Jiahua stated: In 1993, domestic demand—especially demand for investment—will remain rather brisk and continue to have a noticeable impact on economic growth. Last year, the number of newly launched projects rose significantly, the overall scale of projects under construction expanded, and the number of projects carried over from the previous year went up. In order to satisfy the needs of faster economic development, we still need to accelerate the construction of a number of basic industrial projects and increase the deployment of some major projects. These measures will inevitably increase demand for capital goods and expand demand for consumer goods. Growing cash incomes of urban and rural residents will also stimulate demand for consumer goods. As far as the efforts to increase exports are concerned, foreign markets still offer considerable opportunities and show significant potential. In terms of supply and demand, we still have fairly ample stocks of grain, cotton, and other essential farm products. We have the potential to increase coal production and power generation, and are capable of sustaining fairly rapid economic growth. Nevertheless, the restrictive effects of "bottlenecks" in communications and transportation—railway transportation in particular—will become more pronounced. Available stocks of crude oil, steel products, nonferrous metals, and other important raw and semifinished materials will dwindle, the imbalance

between supply and demand will widen, and our ability to pay in foreign exchange and the growing costs of imports will impede efforts to increase imports. He said: Based on an overall analysis of supply and demand as well as various conditions at home and abroad, our country's economy is projected to grow at a fairly rapid pace in 1993. The macroeconomic environment, however, will further tighten, and greater efforts are needed to develop the entire economy rapidly and soundly.

In his report, Zou Jiahua said: In order to mitigate the restrictive effects of "bottlenecks" in economic growth and sustain development, the 1993 plan for investment in fixed assets will place more emphasis on the construction of infrastructure and basic industries. State investment will first go toward the construction of railways, highways, ports, and civil aviation and communications facilities. We will also develop sound plans for the construction of basic industries, such as electric power, coal, petroleum, iron and steel, nonferrous metals, and petrochemicals. He said: Transportation, communications, energy, and raw and semifinished materials will account for 70.6 percent of central investment, up 5.9 percent from the planned figure of the previous year. All localities should increase investment in infrastructure and basic industries.

Zou Jiahua said: The key to expediting the construction of infrastructure and basic industries lies in augmenting investment and tapping sources of funds. Currently, the total amount of investment funds in society is sizable. The problem is the excessively diffuse way in which these funds are used and the duplication of many redundant and inferior projects. Without solving this problem, we cannot sustain rapid economic development and significantly improve the quality and efficiency of the overall national economy. He said: People in all circles must achieve consensus and adopt effective measures on this issue that has a vital impact on the entire modernization drive. First, we should work conscientiously to obtain funds for key construction projects according to plan. We should direct social funds toward transportation, communications, energy, and important raw and semifinished materials through joint investment and investment based on stock purchases. Second, we should improve the capacity for self-development by continuing to adjust and decontrol the fees charged for some infrastructure facilities and the prices of basic industrial products. We should further establish and increase special construction funds for coal, electricity, and oil transportation. Third, we should promote the experiences of Guangdong, Shandong, and other areas in actively launching joint transportation projects, communications facilities, and interprovincial power stations. We should appropriately delegate the authority to review and approve investment in infrastructure and basic industrial projects, assign construction tasks, and fully arouse the initiative of all quarters. Fourth, both central and local authorities should strictly control the examination and approval of ordinary projects in order to concentrate necessary financial and material resources

on key construction projects. Furthermore, they should improve investment returns.

Zou Jiahua said: Another important means for alleviating the restrictive effects of "bottlenecks" in infrastructure and basic industries is to further implement the principle of stressing both development and conservation, highly promote advanced technology that helps conserve energy and raw and semifinished materials, encourage technological development and product design, and promote the improvement of managerial skills. We should achieve efficiency and growth on the basis of conservation.

Notes 1993 Development Targets

OW1703024193 Beijing XINHUA Domestic Service in Chinese 0255 GMT 16 Mar 93

[Text] Beijing, 16 March (XINHUA)—At the First Session of the Eighth National People's Congress today, Zou Jiahua, vice premier of the State Council and minister in charge of the State Planning Commission, put forward the main targets for national economic and social development in 1993:

- The gross national product [GNP] is to increase by 8 percent. This will include a growth of at least 9 percent for tertiary industry, 4 percent growth in total agricultural output value, as well as 14 percent growth in total industrial output value.
- Total investment in fixed assets (calculated in accordance with new standards [xin kou jing 2450 0656 1777]) is to reach 800 billion yuan, with the investment rate contained within 30 percent. Efforts will be made to readjust the investment pattern and increase investment returns.
- Banks are to grant 380 billion yuan in new loans. A variety of negotiable securities worth a total of 98 billion yuan are to be issued. Financial deficits are to be kept under 20.5 billion yuan.
- The total volume of import and export trade is to reach US\$185 billion, an increase of 11.7 percent. This includes 11.8 percent growth for the total volume of exports and 11.7 percent increase for the total volume of imports. The necessary foreign exchange reserve is to be maintained for the state.
- The total volume of retail sales is to grow by 14.7 percent to 1.25 trillion yuan.
- The rise in the general level of retail prices is to be kept at around 6 percent, while the pace of price reform is being quickened.
- Efforts will be made to strive for improved economic efficiency. The energy and electricity consumption per 10,000 yuan of GNP are to be lowered by 3.4 percent and 5 to 10 percent respectively. In industrial enterprises, the ratio of profits and taxes to capital used is to reach 10.6 percent, the turnover period of operating

funds is to be shortened by six days, the overall productivity of the work force to grow by 6.5 percent, the proportion of enterprises operating in the red to drop by 5 percentage points, and the total amount of operational losses to decrease by 15 to 20 percent.

—The national natural population growth is to be kept under 13.88 per thousand.

Zou Jiahua stressed: The above objectives reflect the consideration given to not only the need to accelerate economic development, but also the need to avoid over-tightening the macroeconomic environment; reflect the effort to embody enthusiasm and the urge for progress as well as the attention to overall balance; and reflect the consideration given to the present year as well as to the past and the future. All localities and departments should proceed from the interests of the whole, support and obey macroeconomic regulation and control by the state, earnestly solve difficulties and problems in economic development, and avoid major losses, so as to facilitate the seizing of the opportunity for substantial development and to jointly promote sustained, efficient, and rapid development of the national economy.

Liu Zhongli Reports on Financial Difficulties

OW1703011693 Beijing XINHUA Domestic Service in Chinese 0240 GMT 16 Mar 93

[Report edited by Zhou Peirong (0587 1014 2837) and release signed by [qian fa 4706 4099] Zhu Chengxiu (2612 2110 0208)]

[Text] Beijing, 16 Mar (XINHUA)—Liu Zhongli, minister of finance, delivered a report on the execution of the 1992 state budget to the First Session of the Eighth National People's Congress [NPC] today. He said in the report: Our country made some achievements in financial work last year, but there were also problems which should not be overlooked. The main problem was that the increase of in revenue could not satisfy the needs of the excessive increase in expenditure. Considerable financial difficulties remained with both central and local governments last year. Local deficits, totaling 3.11 billion yuan, occurred in some provinces and municipalities.

According to Liu Zhongli's analysis, the excessive expenditure increase in our country last year was due to many reasons, including the fact that the state spent more on supporting reform, opening up, and economic construction: 1) During the course of accelerating reform and opening up last year, some departments and localities wanted to accomplish more and started some more projects without taking into account their financial capability. 2) The serious problem of overstaffing, plus the impact of the state policy of increasing budgeted expenditures, caused an excessive personnel expenditure burden. 3) Extravagance and waste were serious due to poor management and supervision. Another important reason for the current financial difficulty is the fact that certain localities overstepped their authority to reduce or

exempt taxes and contract the turnover tax, causing revenue losses. The existing management system and methods still cannot meet the needs of the changing situation in some respects. Particularly during the transition from the old to the new structure, there are comparatively more loopholes in financial management, and macro-economic regulation and control remain to be further improved.

He said: At present, all localities are stepping up the preparation of their final accounts and striving to achieve a balance. We should deal with the problems concerning financial management, constantly improve our work in a spirit of reform, and make unremitting efforts to improve the country's financial situation.

Urges Tight Management of Spending

OW1603212093 Beijing XINHUA Domestic Service in Chinese 0248 GMT 16 Mar 93

[Text] Beijing, 16 Mar (XINHUA)—Speaking today about work we should carry out to fulfill the 1993 state budget, Minister of Finance Liu Zhongli urged all quarters to tighten management over expenditures, enforce strict discipline on financial and economic affairs, and curb all types of extravagance and waste.

He said: Today, extravagant and wasteful practices are rather serious in some government departments, state institutions, and business units. This has greatly wasted our funds and corrupted the party's style and social values. He said emphatically: We should uphold the principle of building the country through thrift and hard work, oppose extravagance and waste, and handle severe cases of extravagance and waste according to state rules and regulations in a serious manner. We should strictly keep spending within budget limits, local financial authorities should insist on balancing their budgets themselves, and there should not be any loopholes when making budget arrangements. It is necessary to strictly implement the system of examination and approval for budget adjustments, and all localities and departments should not wantonly set a precedent for cutting revenues and increasing expenditures. Departments of finance and auditing at all levels should wholeheartedly devote themselves to their duties, beef up supervision and inspection, and pay attention to their roles as society's supervisory organs. It is essential to earnestly tighten management over administrative funds, combine relevant efforts with efforts to transform functions and conduct organizational reform, work hard to reduce staffing in organs, cut meetings and documents to a minimum, persevere in working hard and in a thrifty manner, and cut down on financial expenditures. When administrative units establish economic entities, they should strictly abide by state rules and regulations, and they should keep relevant organs separate from the economic entities in economic dealings. They should not turn the entities into "mini state treasuries" which provide them with material benefits. We should strictly manage extra-budgetary funds, use funds in a more

efficient manner, and refrain from wantonly paying and using money. We should conduct studies and come up with a scientific and rational quota for expenditures. Public institutions should better manage their funds, and they should include their financial allocations and incomes in their unified plans on expenditures and revenues. We should abide by the principle of managing, first, and improving, second. We should improve methods and means used to control the purchasing power of social groups, focus on controlling groups that need to be controlled, and prevent consumption by these groups from growing too fast.

Luo Gan Sums Up State Council Restructuring

OW1603161093 Beijing XINHUA Domestic Service in Chinese 0802 GMT 16 Mar 93

[Text] Beijing, 16 Mar (XINHUA)—Luo Gan, secretary general of the State Council, today gave an explanation to the First Session of the Eighth National People's Congress [NPC] on the program for restructuring the State Council. He pointed out: The proposed restructuring is different from those in the past, because this time the goal is to meet the needs of developing a socialist market economy, with an emphasis on shifting government functions.

In presenting the explanation on behalf of the State Council, Luo Gan said: This program is a product of research studies and repeated deliberations conducted under the leadership of CPC Central Committee over the past year or more. This restructuring will be conducted in line with the principle of separating the administration of the government from the management of enterprises and achieving simplification, uniformity, and efficiency to attain marked progress in changing government functions, straightening out relations, simplifying administration, and improving efficiency.

Luo Gan said: The fundamental way to effect a shift in functions is to separate government administration from enterprise management. We should resolutely delegate to enterprises the powers they are due, and we should let them resolve by themselves problems that are their responsibility. The administrative functions of the government will mainly include making overall plans, implementing policies, offering information and guidance, coordinating efforts, and providing services and supervision. It is necessary to straighten out relations, as well as to rationally divide the administrative powers, between central authorities and localities and bring into fully play the initiatives of both central and local authorities in order that the latter will be able to, under the guidance of central principles and policies, develop local economies and social undertakings in light of local conditions. It is necessary to straighten out relations among all ministries and commissions of the State Council, make rational distribution of functions and powers among them, avoid an overlapping of responsibilities, readjust the makeup of departments, streamline their internal structure, prune back their staff, and increase efficiency.

Luo Gan said: This institutional restructuring encompasses the whole nation. This reform will start among local governments at all levels after restructuring is done at the central level. Departments under the State Council, who will take the lead in this entire undertaking of government restructuring, play a significant role. According to the restructuring program, seven of the 18 current specialized economic departments under the State Council will be abolished and five new departments will be established. This does not represent a significant reduction. The principal consideration here is that we are still in the process of establishing a socialist market economy and that the restructuring of specialized economic departments requires time. This approach is good for economic development and for a stable transition in institutional restructuring. During the process of this restructuring, all departments, those that are retained as well as those that are newly established—in addition to dramatically streamlining their internal structure and pruning their staff—should make a point of changing their functions, streamlining administration, instituting decentralization, and pushing enterprises into market competition in accordance with the needs of developing a socialist market. As for administrative offices directly under the State Council, he said, after restructuring and readjustment, there will be 18 such organs—13 organs directly under the State Council and five administrative offices, a reduction of 26 from the current 44. There will be no more state bureaus set up in parallel with ministries and commissions.

Luo Gan said: According to the restructuring program, there will be 41 ministries and commissions (including the State Council's General Office) and 18 organs and administrative offices directly under the State Council. Altogether, there will be a total of 59 of these units under the State Council, a reduction of 27 from the current 86. The number of ad hoc organs will be dramatically reduced from the present 85 to 26. A program for restructuring the organs and administrative offices directly under the State Council will be put into force after examination and approval by a newly formed State Council. All the retained and newly established departments of the State Council must strictly abide by their authorized size. The number of employees in the State Council institutions will be cut by about 20 percent.

Luo Gan said: A number of ministries and commissions of the State Council will be dissolved and several new ones will be established. The departments to be retained or newly established are those charged with macroeconomic control and supervision, those responsible for the management of social affairs, and those basic departments and new technological departments related to the nation's economic lifelines. Currently, the process of reforming the economic structure to establish a socialist market economy is continuing, and the reform of the administrative management system is also being carried out. The process of restructuring government organizations to meet the country's needs must follow a distinct course, and the establishment of administrative organizations cannot be finalized right away. In the future, in

the wake of the progress of the socialist modernization drive and the gradual establishment of the socialist market economy, we must continue to further implement the reform of the administrative management system and the reform of government organizations.

Luo Gan pointed out: The restructuring of government organizations is an arduous task directly related to economic development and social stability. We must devise an overall plan, organize the work in a careful manner, and carry out the work step by step. The restructuring work must be implemented in combination with the reform of the cadre and personnel system and the wage system. After the work of deciding on the functions, organization, and size of various departmental offices is completed, we should immediately implement a system governing public servants and carry out the reform of the wage system.

Ministers Support State Council Restructuring

OW1703081793 Beijing XINHUA Domestic Service in Chinese 1006 GMT 16 Mar 93

[By reporter Chen Ming (7115 6900)]

[Text] Beijing, 16 Mar (XINHUA)—When State Council Secretary General Luo Gan today read out the program for restructuring the State Council, which had gone through one year of contemplation, to more than 2,000 deputies attending the First Session of the Eighth National People's Congress at the Great Hall of the People, many deputies in the ministerial seats considered it a sensible move to cope with the needs of building a socialist market economic system.

Gu Xiulian, minister of chemical industry, said: Institutional restructuring and streamlining conform to the general trend and popular will to establish a socialist market economic system. "I'm all for it."

Minister of Textile Industry Wu Wenying, who sat on Gu Xiulian's left hand side, said: "My understanding of the program is that we should look at it from the angle of better suiting the socialist market economic system. In this sense, it is necessary to swiftly change government functions to separate government administration from enterprise management."

According to the program, the Ministries of Textile Industry and Light Industry will be abolished to make way for the establishment of the China Chamber of Textile Industry and the China Chamber of Light Industry, both of which will perform the major functions of carrying out overall planning for the industries, implementing industrial policies, and providing macroeconomic guidance and services for enterprises.

Hu Ping, minister of commerce, said: "We have long been prepared for the institutional restructuring. The rapid formation of a nationwide unified market calls for corresponding changes on the part of the competent authorities. Judging from the trend of development, the

establishment of a ministry of internal trade to replace the Ministry of Commerce and the Ministry of Materials and Equipment will not only help foster a nationwide unified market and push enterprises closer to the market but also help strengthen macroeconomic regulation and control by the government."

He Guangyuan, minister of machine-building and electronics industry, said that the dissolution of his ministry and subsequent establishment of two separate ministries of machine-building industry and electronics industry would reflect the principle of seeking truth from facts. The present scope of the machine-building and electronics industries is too wide to be handled by a combined ministry of overall administration. With the new ministries each having fewer but more specialized personnel after the separation, it is most likely to help bring about significant improvement in work efficiency.

Minister of Energy Resources Huang Yicheng does not consider the split of his ministry, which is a combination of a number of former ministries, a major problem. He, instead, said that the key issues should be the shifting of administrative functions, separation of government administration from enterprise management, streamlining, and upgrading of efficiency.

According to the reform program, the Ministry of Aeronautics and Astronautics Industry will be abolished and replaced by two economic entities—an aviation industrial corporation and a space industrial corporation. Commenting on this, Minister of Aeronautics and Astronautics Industry Lin Zongtang said: Aeronautics and astronautics industries are two separate sectors by nature and had come under the jurisdiction of two separate administrative setups in the past decades, though they share some technologies. Generally speaking, the separation will benefit the development of both the aeronautics and astronautics industries.

The ministers have fully calculated the difficulties and problems they may encounter in the institutional restructuring and have full confidence in the success of this major undertaking.

Deputies Discuss Report, Back Accelerated Reform

OW1603153093 Beijing XINHUA in English 1512
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Deputies to the Eighth National People's Congress (NPC) made comments and aired opinions on the Government Work Report of Chinese Premier Li Peng in their group discussions here this afternoon.

The Chinese premier delivered the report at the opening session yesterday.

Many of the deputies expressed their support for the policy line of "seizing the opportunity to quicken the pace of reform, opening up and modernization" put forward in the report.

Qi Qizhang, president of the Shandong Provincial Society of History, said that the relatively peaceful situation in the world and China's systematic reform program executed over the past dozen years have created a very good opportunity for China's economic development.

Qi, a scholar on modern history, said, China had faced many opportunities for nearly 30 years in the latter half of the last century, but it lost them all because of the absence of a systematic reform program.

"Now we are facing another good opportunity that perhaps comes once in a century. The policy of reform and opening to the outside world has won wide support among the people," he said.

Some deputies held that, before the new opportunity, it is vital for the nation to have a sense of urgency and a sense of mission.

Du Qinglin, chairman of the Standing Committee of the Hainan Provincial People's Congress, said that only by stepping up the pace of development can China become strong in international economic competition that is becoming increasingly fierce.

He said, countries and regions in Southeast Asia have recorded rapid economic development and, within China, the provinces of Guangdong and Fujian and the city of Shanghai have all set their own concrete targets for economic development.

"What should Hainan do?" Du said. "We should catch up with them by developing the island's economy at annual growth rates of 16 percent and 17.6 percent during the Eighth and Ninth Five-Year Plan periods respectively."

Zhao Baojiang, mayor of Wuhan, said that, as an important city along the Yangtze River, Wuhan has its special opportunities: The development of Shanghai's Pudong area has stimulated the development and opening up of areas along the Yangtze River; the state decision on building the Three Gorges Project on the Yangtze has provided a good opportunity for Wuhan to develop its economy; and third, in the past years, Wuhan has made marked progress in the construction of infrastructural facilities, which has created favorable conditions for the city's further development.

Zhao said, Wuhan should seize these opportunities and strive to develop itself into a key city in central China.

Hu Fuguo, governor of China's inland province of Shanxi, a coal base, said that the province's advantages lie in energy resources and chemical industry, but its transport conditions are poor.

In future, the governor said, Shanxi should introduce foreign funds to develop its transport capabilities to make use of its advantages in energy resources.

He expressed the hope that the province will benefit from the price reform aiming to rectify the excessively low prices of coal and electricity, which is to be implemented by the state, to realize an overall development of the local economy.

Deputies from the Xinjiang Uygur Autonomous Region said their region has its own opportunities.

Song Hanliang, the regional party chief, said that Xinjiang is rich in natural resources and has great potential for development.

At present the autonomous region has three opportunities according to Song: The opening up of its border areas; with state attention being paid to oil prospecting in the country's west, Xinjiang has become an important place for oil development; and third, the opening of the Eurasian continental bridge and the construction of the Lanzhou-Urumqi double-track railway line as well as other infrastructural facilities.

Group discussions were held by all the 32 delegations to the Eighth NPC.

Deputies from China's major grain production provinces of Sichuan and Hunan focused their views on agriculture. They held that "to strengthen the foundation of agriculture" in the report is of great significance.

Some deputies said measures to promote agricultural development are not specific enough in the report.

Discussions by various delegations also covered many other issues such as education, reform of government institutions, gaps between the east and west parts of China, opening to the outside world, township enterprises, railway construction and support for poor areas.

Group discussions will continue tomorrow.

Further on Deliberations

OW1703085493 Beijing XINHUA Domestic Service in Chinese 1359 GMT 16 Mar 93

[Text] Beijing, 16 Mar (XINHUA)—Today, more than 2,800 deputies to the First Session of the Eighth National People's Congress [NPC] were divided into 132 groups to begin deliberating Premier Li Peng's government work report. The deputies pointed out one after another: Now that we have formulated the major policies, and in light of the development conditions at home and the favorable international environment, we must seize opportunities; earnestly quicken the pace of reform, opening up, and modernization; and push the national economy to a new height.

According to reports filed by XINHUA reporters from the meeting sites of the 32 groups of deputies, the

deputies discussed their understanding, plans, and suggestions from different angles regarding the favorable opportunities in an extremely lively atmosphere.

Many deputies said: Efforts to grasp opportunities and speed up development are necessary both in historical and current contexts. We missed the opportunities for development on several occasions. The great development that we have scored during the 10-odd years since reform and opening up is the result of seizing opportunities. A report filed by reporter Liu Haimin from the meeting venue of Shandong deputies says: Deputy Jiang Chunyun, secretary of the Shandong provincial party committee, said that the main theme of the government work report—grasping opportunities and speeding up development—is a correct choice made by reviewing past and recent experiences. Jiang Chunyun said: Shandong's economy has developed rather rapidly in these years, thanks to efforts to embrace opportunities. However, development in various parts of the province is uneven. Practice shows that localities that recognized and capitalized on opportunities at an early date and worked hard in a down-to-earth manner developed more rapidly and soundly.

Many deputies pointed out: Objectively speaking, the opportunities for speeding up economic development do exist in our country. One of the crucial elements in grasping opportunities is to truly recognize them. According to a report filed by reporter Zheng Qingdong from the meeting place of Shanghai deputies, Deputy Wu Bangguo, secretary of the Shanghai municipal party committee, said: We should continue to recognize the right opportunities available at home and abroad, and during the process of social and economic development. Wu Bangguo maintained: After more than a decade of reform and construction, our country has greatly enhanced its overall national strength and significantly enriched its material foundation. Our understanding of socialism with Chinese characteristics has continued to deepen, and we have accumulated a substantial wealth of experiences, improved our understanding of the international economy, and sharpened our competitiveness. Our direction has become clearer, and our road has become broader. We must clearly recognize that we cannot lose favorable opportunities and that time will not wait for us.

For many deputies, the common topic of discussion concerned efforts to soberly analyze economic conditions and development trends at home and abroad, and to carefully examine our own objective conditions in order to find advantages and development opportunities. A report filed by reporter Chen Yun quotes Deputy Chu Bo, vice governor of Hunan, as saying: "There are opportunities for development in the country; there are also unique development opportunities in various localities. Only by recognizing our opportunities can we grasp them." In light of Hunan's realities, Chu Bo said analytically: Hunan's northern part is close to the Chang Jiang and its southern part lies near the coast. The twin effects of opening up areas both along the coast and the Chang

Jiang have provided Hunan advantages. Hunan can expedite its economic development by grasping the opportunity brought about by the policy of opening up across the board and by formulating strategies that conform to reality.

A report filed by reporter Liu Guangniu relates an analysis on Xinjiang's development opportunities by Deputy Song Hanliang, secretary of the Xinjiang Uygur autonomous regional party committee. Song Hanliang said: Xinjiang is now faced with three great opportunities for development: 1) The state's implementation of the strategy aimed at opening up border areas has transformed Xinjiang from an inland region into an open frontier. 2) The westward shift of the focus of the state's oil exploration and development strategy will accelerate the development of Xinjiang's petroleum and petrochemical industries. 3) Transportation, communications, and other infrastructure projects along the Lanzhou-Xinjiang railway will develop more quickly. Xinjiang should embrace these opportunities, adjust and adopt new development strategies according to reality, increase reform efforts, and unrelentingly inject vitality into economic development.

During the deliberations, the deputies also said: Opportunities will be missed even if we slightly relax our vigilance, and there are not many great development opportunities. To seize opportunities, we should uphold the central task of economic construction in both our thinking and actions and do a solid job in handling matters that we have judged correctly. According to a report filed by reporter Wang Laixi, Deputy Sun Weiben, secretary of the Heilongjiang provincial party committee, said during the group discussions: Things in the world are often complicated, and the world situation is highly changeable. We must unswervingly uphold the central task of economic construction in our work so that we will not lose excellent opportunities through hesitation.

Jiang Zemin Joins Discussion With Tibet Deputies

OW1703094893 Beijing XINHUA in English 0932
GMT 17 Mar 93

[Text] Beijing, March 17 (XINHUA)—Jiang Zemin, general secretary of the Chinese Communist Party (CPC), discussed Tuesday with Tibet deputies to the Eighth National People's Congress (NPC) on the consolidation and development of unity among all Chinese nationalities, invigoration of the economy in Tibet and acceleration of common prosperity for all nationalities.

The deputies are attending the NPC's First Session in the Chinese capital.

Arriving yesterday afternoon at the hotel where the Tibet delegation is staying, Jiang said he came to the Tibet delegation first because he knows economic development in the Tibet Autonomous Region still faces much difficulty.

Jiang knew many of the Tibet deputies, having met them during his week-long inspection of the region in August 1990.

The Tibet delegation comprises 19 deputies of Tibetan, Lhoba, Monba and Han nationalities.

Chen Kuiyuan, the party chief of Tibet, was the first to speak. Tibet has reaped good harvests in agricultural production for five consecutive years and reported increased industrial production; and last year revenues of the regional government grew to more than 100 million yuan, Chen said.

"These achievements have laid a sound basis for the future development of Tibet," he said.

However, he said, Tibet has lagged far behind other provinces and regions. Its industrial and agricultural growth rate and per capita income are all lower than the national average, economic structure is irrational and its self-accumulating and self-developing capacity is relatively low.

Therefore, the region faces an arduous task and has a long way to go to catch up with the development pace of the rest of the country and enable local people to become well-off by the end of this century.

Gyaincain Norbu, chairman of the Tibet regional government, said the preferential policies adopted by the central authorities for the construction of infrastructural projects in Tibet have been very effective. When completed, the projects will inject vitality into the local economy.

Hu Jintao, a Standing Committee member of the Political Bureau of the CPC Central Committee, who had worked in Tibet for years, briefed Jiang on economic development in Tibet. Hu is an NPC deputy in the Tibet delegation.

In response to deputies' complaints over price hikes for chemical fertilizers, diesel oil and other farm materials, Jiang Zemin said that the central authorities have already noticed this problem and taken a series of measures to protect farmer's enthusiasm for grain production, which is also made clear in Li Peng's government work report.

Jiang Zemin also asked officials from the Ministry of Finance present at the discussion to investigate into central and local subsidies for agricultural capital goods and help farmers solve the problem.

Gyainzim, a deputy from Tibet's Medog County—the only county in China with no highway access—traveled a dozen days for the meeting in Beijing. Jiang asked Gyainzim about the life of his Lhoba nationality and the construction of a highway leading to Medog.

When asked to make a speech, Jiang said, "I'd like to hear your opinions."

A woman deputy, who is the principal of the Lhasa No. Primary School [as received], complained about low pay for teachers.

After hearing speeches by several deputies, Jiang said that the situation in Tibet is getting better and better, which is a result of the earnest implementation of the party's basic line and the party's policy concerning nationalities. "Without a stable social environment, it will be impossible to boost economy," he said.

All nationalities should support and help each other, and they are mutually dependent. They should share weals and woe together, Jiang said.

He pointed out that whatever conforms with Tibet's conditions and is conducive to Tibet's economic development should be tried out in a bold manner and, if it is effective, it should be implemented. Problems on the road to success should be detected timely and solved promptly.

Tibet is China's southwest gateway and of strategic significance. The central authorities should not only help Tibet and other minority nationality-inhabited areas and formulate policies suited to local conditions, but also give some support, the general secretary said. Inland economically developed provinces should also give financial, technical and personnel aid to Tibet.

After the discussion, Raidi presented a white hada, a token of greeting, to Jiang Zemin.

Hong Kong Status 'National Humiliation'

HK1703061693 Hong Kong TA KUNG PAO in Chinese
17 Mar 93 p 2

["Special dispatch" from Beijing, 16 March: "Jiang Zemin Reiterates That China Will Never Waver in Its Stand on the Hong Kong Issue"]

[Text] Today Jiang Zemin, general secretary of the CPC Central Committee, attended a group meeting of a delegation of Tibetan deputies attending the First Session of the Eighth National People's Congress.

In his speech at the meeting, Jiang Zemin reiterated the Chinese Government's stand on the Hong Kong issue. He said: "That Hong Kong was reduced to the status of a colony is a national humiliation for the Chinese. On no account will we waver in our stand on the Hong Kong issue."

Li Peng, Beijing Deputies Discuss Olympic Bid

OW1603141793 Beijing XINHUA in English 1351
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Beijing's bid for hosting the 2000 Olympic Games was a hot topic among Beijing deputies to the Eighth National People's Congress (NPC) attending its ongoing first session here today.

China has special enthusiasm for hosting Olympiad.

During a group discussion by the deputies in the Beijing room of the Great Hall of the People, the participants' enthusiasm rose to a height when Premier Li Peng, who is also an NPC deputy from the Chinese capital, devoted the main part of his 14-minute speech to Beijing's bid to host the Olympiad.

The deputies expressed appreciation of the part of Li Peng's report on government work which voices the support of the Chinese Government for Beijing's application to host the Olympic Games. With full government backing, they said, the bid has a fair chance of success.

Li Peng said Beijing had done a good job in its recent reception of the IOC [International Olympic Committee] delegation. He praised the city for its great efforts to bid for the Olympic Games.

"The Chinese people have special enthusiasm for hosting the Olympic Games," he said.

Say good-bye to appellation of "the sick man of the east."

"If Beijing can host the Olympic Games in 2000, that means China has got rid of the appellation of 'the sick man of the east'," the premier said. "Winning the right to host the games will be a great encouragement for both the Chinese people and peoples of other developing countries."

During the seven years before 2000, he said, the Chinese nation, the people of Beijing in particular, should exert great efforts to improve the city's environment, public transport and other facilities.

The premier specially talked about housing conditions in Beijing. Said he to Major Li Qiyan sitting beside him: "You should do more to further improve housing conditions in the city so that citizens will lead a more comfortable life and have better working conditions."

Foreign investment can be used for railway development.

Li said in the group discussion that China should open various channels to raise funds for railway construction. In order to meet the need of rapid economic growth, he said, the railway sector should also introduce foreign funds to a proper extent and adopt a market system. He emphasized, however, that the government should strengthen macro-control over the sector since it is a monopoly business.

Improve nation's ethical standards [as received]

Said Li, "While striving to be an economic giant, we should not allow ourselves to become a dwarf in ethical standards. If that should happen, it would be meaningless to build socialism."

The premier said China's successes in recent years are owed to a correct policy line, that of building socialism with Chinese characteristics put forward by Deng Xiaoping.

Reform, Opening Up Advancement Viewed

OW1603220393 Beijing XINHUA Domestic Service in Chinese 1447 GMT 16 Mar 93

[By reporters Sun Benyao (1327 2609 1031) and Xu Renjie (1776 0088 2638)]

[Text] Beijing, 16 Mar (XINHUA)—Li Peng, premier of the State Council, today pointed out that, in an effort to develop China's socialist modernization in a faster and better manner, it is imperative to further promote reform and opening to the outside world, adding that we must find our way through reform. He made these remarks while joining deputies to the National People's Congress (NPC) from Beijing Municipality, who were deliberating on the Government Work Report.

On the afternoon of 16 March, deputies to the NPC from Beijing municipality deliberated on the Government Work Report at the Beijing Room of the Great Hall of the People. Premier Li Peng took part in the enthusiastic discussion with the other deputies.

Deputies from Beijing fully affirmed the great changes in our country's economic construction and social development during the past five years. Li Peng said: The great changes over the past five years, especially in the past year, were fundamentally born of our having a correct line, which gradually has been elevated to the level of theory—namely, the establishment of a socialist market economy and our following the path of building socialism with Chinese characteristics, which was initiated by Comrade Deng Xiaoping.

Guo Lin, director of the Beijing Railway Bureau, was the first to speak. He noted that today's railway transportation has become a bottleneck that is restricting the development of the national economy. Railway construction and operation must be adjusted to cope with the development of a market economy. In this respect, Li Peng said: To cope with the rapid development of the national economy, railway transportation must undergo great development. Nevertheless, we must not solely rely on state investment. We should obtain funds for railway construction through various channels, including the state, various localities, and society. We should also introduce a proper amount of foreign funds to speed up railway construction. On the question of railway management, we should also make some improvements here, and we should have railway management adopt a market system. Meanwhile, because the railways comprise a monopolized enterprise, we must strengthen management and macro-control over railway transportation.

Touching on the issue of Beijing Municipality's application for hosting the Olympics, Li Peng said: Beijing municipality has made great efforts in its bid to sponsor

the Olympic Games in the year 2000. Not long ago, Beijing municipality did a good job in its reception of the International Olympic Committee's inquiry group. The Chinese people have special enthusiasm for hosting the Olympic Games. Hosting the Olympics in Beijing will enable China to completely get rid of the appellation of "being the invalid of East Asia." Success in applying to host the Olympics will greatly encourage the Chinese people and people in other developing countries. In the seven years before 2000, the people across the entire country, especially the people in Beijing, should exert great efforts to make improvements in the environment, traffic order, and other areas.

Li Peng specially talked about housing conditions in Beijing. He said: Before the year 2000, we must do more and make greater efforts to further improve housing conditions in order that residents in Beijing can lead a more comfortable life and have better working conditions.

Following a speech by Hu Yamei, honorable superintendent of the Beijing Children's Hospital, Li Peng said: Our medical care and public health need reform. We should further foster fine ethics in medical care, improve medical equipment and facilities, and constantly raise the level of medical care and public health.

Li Peng said: When we strengthen the building of material civilization, we should also strengthen the building of spiritual civilization. We should maintain and develop our revolutionary tradition, keep the traditional virtues of the Chinese nation, and foster fine social customs and mental attitudes. While striving to become an economic giant, we should not allow ourselves to become a dwarf in ethical standards. If that were to happen, it would be meaningless to build socialism. The building of socialist spiritual civilization is a common task for all of us.

Qian Qichen Criticizes 'China Threat Theory'

OW1703131393 Beijing XINHUA Domestic Service in Chinese 1042 GMT 17 Mar 93

[By XINHUA reporters Wang Jingfu (3076 6855 4395) and Chen Ming (715 6900) and RENMIN RIBAO reporter Wu Yirong (0702 0110 2837)]

[Text] Beijing, 17 Mar (XINHUA)—Qian Qichen, member of the Political Bureau of the CPC Central Committee, state councillor, and minister of foreign affairs, rebutted the so-called "China Threat Theory" [zhong guo wei xie lun 0022 0948 1218 5178 6158] here today. He pointed out the theory was being spread to obstruct China's economic development and impede its peaceful reunification.

While examining the "Government Work Report" with the delegation from Ningxia at the Great Hall of the People, Qian Qichen said: "No force will not be able to prevent China from being strong, prosperous, and unified. A prosperous China is an important factor for peace

and prosperity in the world. A strong China will not constitute a threat to any country. China will never become a superpower."

He said: Over the past 10 years or more since its reform and opening up drive, China has enjoyed rapid economic growth. This is a fact that those in the international community who sympathize with and support us are happy about, and that those who oppose us can not but acknowledge. With an ulterior motive, some people are fabricating and spreading the "China Threat Theory," attempting to frighten some medium and small-sized countries and sow discord between China and some of its neighboring Asian countries.

He said: Some people in the international arena, seeing the rapid changes in East Europe and the collapse of the Soviet Union, harbored the illusion that China would also fall into ruin. Now their illusions have been shattered. Those who are hostile to China are afraid of China's economic development and peaceful reunification. They focus, therefore, on creating trouble and interfering with China's reunification and economic development.

Qian Qichen said: Premier Li Peng's government report indicates clearly the prospects for China's development over the next few years. The quicker China develops its economy, the more prosperous and stronger it will become. He continued: The fundamental reason for our success lies in the fact that China has built socialism with its own characteristics and that it has adhered to reform and opening up. This policy has been supported by people of all nationalities, and has benefitted everyone. It also has taken deep root among the people.

Liu Huaqing Views PLA's Role in Guaranteeing Reform

OW1603153693 Beijing XINHUA in English 1515 GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Vice Chairman of the Central Military Commission Liu Huaqing said today that the Armed Forces should subordinate themselves to and serve the needs of the country's economic development.

The general said that the Armed Forces should at the same time strive to improve themselves, so as to provide reliable guarantee for the country's reform, opening to the outside world and modernization.

Liu made the remarks at a group discussion of the delegation of the People's Liberation Army (PLA) to the ongoing First Session of the Eighth National People's Congress (NPC). He is the leader of the PLA delegation.

Liu said that guided by Deng Xiaoping's thinking on army building in the new era, the modernization drive of the country's national defense has scored great achievements in the past five years. The armed forces have taken

major strides in the building of a revolutionary, modernized and regularized army. The armed forces have formulated a whole set of principles for giving prominence to improving their qualities.

Liu said that Li Peng's Government Work Report set the basic tasks and requirements of the country's economic development in the next five years.

He said that economic development and prosperity and development of the country conform with the basic interests and common will of the people of all nationalities of the country.

He said the PLA should subordinate themselves to and serve the cause of economic development, and make contributions to the country's economic development and reform and opening to the outside world.

He pointed out that while the country concentrates on economic development, the improvement of national defense will also provide strong safeguards for China's reform, opening and modernization.

Liu said that Deng Xiaoping, with his thinking on army building in the new era, is also the mastermind of the army building and its reform, as well as the country's reform and modernization. To steadfastly adhere to his thinking ensures that the PLA follow a correct path.

Further on Remarks

OW1603183593 Beijing XINHUA Domestic Service in Chinese 1438 GMT 16 Mar 93

[By reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 16 Mar (XINHUA)—Deputy Liu Huaqing today emphatically pointed out that the Armed Forces must consciously subordinate themselves to and serve the needs of the country's economic development, strive to make contributions to fulfilling the grand objective of quadrupling the country's GNP ahead of schedule, improve their own building, and provide a reliable guarantee for reform, opening to the outside world, and the modernization drive.

He made these remarks at a group discussion of the People's Liberation Army (PLA) delegation to the First Session of the Eighth National People's Congress (NPC), which was deliberating on the government work report.

Liu Huaqing said: Guided by Comrade Deng Xiaoping's thinking on army building in the new period, the modernization drive of the country's national defense has scored great achievements in the past five years. The Armed Forces have taken major strides in building a revolutionized, modernized, and regularized army. The Armed Forces have formulated a whole set of principles for giving prominence to improving their quality, and they have followed a road to create the best Armed Forces with Chinese characteristics. In compliance with the demand put forward by Central Military Commission Chairman Jiang Zemin that "all Army units must be

qualified politically and competent militarily, and they must have good work style, maintain strict discipline, and be assured of adequate logistical support," the Armed Forces have worked hard to improve themselves, done a good job in carrying out reform, and promoted all-around development. Commanders and fighters of the entire Army have been faithful to their duties and have successfully accomplished their tasks of preparations against war. Meanwhile, they have actively supported and taken part in national economic construction, participated in the fight against natural disasters, performed urgent and risky tasks, and won new merits for the country and the people. All those achievements have proved that the PLA is a combat-effective army that obeys the instructions of the party and loves the motherland and the people.

Liu Huaqing said: Premier Li Peng's Government Work Report is a good and encouraging report written in the spirit of seeking truth from facts, and it reflects the important talks made by Comrade Deng Xiaoping during his southern inspection tour and the guidelines of the 14th CPC National Congress. The report has clearly advanced the guiding principles, basic tasks, and requirements of the country's economic construction and reform for the next five years. Liu Huaqing said: Promoting economic development, making the country rich and strong, and revitalizing the Chinese nation are tasks that conform with the basic interests and common wishes of the whole party and the country's people of all nationalities. They also conform with the basic interests and common wishes of all officers and soldiers of the entire Army. This represents the interests of the country as well as the common objective of people across the country. The PLA must consciously subordinate itself to and serve the interests of the country and contribute to the country's economic construction, reform, and opening to the outside world.

Liu Huaqing emphatically pointed out: The PLA must do a good job to improve itself; faithfully carry out the duties entrusted to our Army by the Constitution; and actively promote the revolutionized, modernized, and regularized building of Armed Forces. We must, in accordance with the Constitution's requirements, strengthen national defense and raise our defensive and combat capabilities under modern conditions to provide strong safeguards for our country's smooth development of reform, opening up, and modernization.

Liu Huaqing said: In strengthening the revolutionized, modernized, and regularized building of the Armed Forces, the most important thing is to adopt the guidance of Comrade Deng Xiaoping's thinking on army building in the new period. Comrade Deng Xiaoping is not only the general designer of reform, opening up, and modernization in our country, but he also is the general designer of building and reforming the army in the new period. Since 1975, Comrade Deng Xiaoping has made many comments and expositions on the international situation; military strategy; scientific research for

national defense; the improvement of military equipment, education, and training; organizational reform; political work; and logistical support. These comments and expositions form a complete ideological system that answers a series of major questions concerning national defense and army building in the new period. This ideological system is an important part of the theory on building socialism with Chinese characteristics, and it advances and develops Mao Zedong's military thought. Practice has proven that by resolutely and firmly arming the whole Army with Comrade Deng Xiaoping's thinking on army building in the new period, we can ensure that our Army will advance in the correct direction. We should systematically study Comrade Deng Xiaoping's comments and expositions on building the army in the new period; completely and correctly understand the essence of his comments and expositions; and, in particular, study and maintain good comprehension of Comrade Deng Xiaoping's stand, viewpoint, and method in analyzing and resolving various problems in order to accelerate the building and reform of the Armed Forces.

Touching on the question of studying the new situation and developing the fine tradition of the party and the Army, Liu Huaqing said: Under the new situation of developing a socialist market economy, army building will face many unprecedented situations and problems. This will naturally require us to actively explore new ways of doing things while transforming old ones. Nevertheless, we must understand that the inheritance and development of our Army's fine traditions and the maintenance of the true qualities of the Red Army also are very important. During the long period of revolutionary struggle, our Army has created a whole series of fine traditions which reflect the inherent qualities and characteristics of the People's Army. This is our great spiritual wealth and our Army's important magical weapon in overcoming all kinds of difficulties in the new period. We must persist in properly studying the new situation and persist in advancing our fine traditions to turn our Army into a modernized and regularized revolutionary army with Chinese characteristics.

Hong Kong Deputies Discuss Patten's Proposals

OW1603145193 Beijing XINHUA in English 1435
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—A Hong Kong deputy to the Eighth National People's Congress (NPC) suggested here today the Chinese Government should consider establishing an advisory committee for preparation work of the Hong Kong Special Administrative Region (SAR) in order to ensure the smooth transition in Hong Kong in 1997.

Lee Wui Ting, who is attending the first session of the Eighth NPC, said the advisory committee should study the political, legal, economic and social issues concerning the transition of power in 1997, including methods for composition of the first government and

Legislative Council of the SAR and raise suggestions for reference to the central government and the preparatory committee of the SAR which will be established in 1996.

His proposal won applause from other Hong Kong deputies to the NPC at a group discussion of Premier Li Peng's Government Work Report this afternoon.

Hong Kong deputies said they resolutely support the position on Hong Kong issue Premier Li Peng stated in his report Monday [15 March]. They lashed at British Hong Kong authorities' perverse acts and appealed to the central government to adopt strong measures to foil British Hong Kong authorities' intrigue designed to impede smooth transition of power in Hong Kong.

Lee Wui Ting said Chris Patten's acts to impede Sino-British negotiations deliberately will help the Hong Kong public to see clearly his purpose of sabotaging smooth transition in Hong Kong.

A growing number of people of different circles and press in Hong Kong are opposed to the "constitutional package" of Chris Patten. "This proves it is the popular wish to maintain Hong Kong prosperity and stability and realize smooth transition," Lee said.

Choi Wai Hang said the "constitutional package" raised by Chris Patten means to use the interests of Hong Kong people as his bargaining counters in his political gamble. The Chinese Government has reiterated that it will not barter away principles. Chris Patten's gamble is doomed to failure. However, Hong Kong people will not allow such a politician to ruin their interests. They must get united to protect their own interests.

Victor Sit Fung Shuen said the Chinese Government should make the British Government understand that the long-term interest of Hong Kong shall not be ruined by such a British politician.

Ng Hong Mun, who has been deputy to the 5th-8th NPC, noted the passage on Hong Kong issue in Premier Li Peng's report was revised substantially before delivery, which shows the serious concern with Hong Kong issue of the central government.

In their discussion, Hong Kong deputies appealed that the central government should be ready to adopt contingent measures for Hong Kong's prosperity and stability if the British Hong Kong authorities insist on their way stubbornly.

Yesterday evening, 32 Hong Kong and Macao deputies to NPC signed a statement which suggested the central government should adopt all necessary contingent measures in view of the grave situation there.

They also said as people's deputies they will not only offer consultation and suggestions to the central government but also expose Chris Patten's political intrigue to the public in Hong Kong.

Taiwan Deputies Condemn HK Constitutional Package

OW1603143493 Beijing XINHUA in English 1421 GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Taiwan deputies to the Eighth National People's Congress (NPC) lashed here today at the publication of Hong Kong governor's constitutional package.

They said at the group discussion this afternoon the act has sabotaged the talks between China and Britain and the smooth transition in Hong Kong.

Lin Liyun, advisor to the All-China Federation of Taiwan compatriots, said Chris Patten's "reckless acts", which are manipulated by the British Government, are provocations to the Chinese Government.

"As the old-line British colonialist does not want to see a smooth transition in Hong Kong in accordance with the Sino-British joint declaration and the Hong Kong Basic Law, it attempts to plant its own people and leave the root of colonialism there under the disguise of 'democracy,'" she said.

Premier Li Peng has reiterated the stand of the Chinese Government in his Government Work Report, which represents the wish of the whole Chinese nation, including Taiwan compatriots and Overseas Chinese, she added.

Cai Zimin, chairman of the Central Committee of the Taiwan Democratic Self-Government League, said Chris Patten's acts to unveil the constitutional package disclose fully the true color of the British colonialist. Chris Patten has insisted on the so-called "democracy" to exert pressure on China so as to maintain the British influence in Hong Kong after China resumes exercise of sovereignty over Hong Kong in 1997.

Li Chen, advisor to the All-China Federation of Taiwan compatriots and professor of Jinan University, said China will certainly resume exercise of sovereignty over Hong Kong in 1997. The acts of Chris Patten who published the constitutional package to sabotage Hong Kong's stability and make the Hong Kong stock market plunge are conventional manoeuvres of the old British colonialist.

"Chris Patten wants to create disorder in Hong Kong and leave the root of trouble after the transition of power rather than instituting 'democracy.' The Chinese Government's solemn stand in this regard shows that China will never barter away principles with the British Government," he said.

Wang Ansheng, deputy chairman of the Standing Committee of the Huainan Municipal People's Congress, Anhui Province, said the old-line British colonialist always creates contradictions before it abandons the rule over its colonies. The British Government wants to

create havoc in Hong Kong because it is reluctant to see a situation of prosperity and development in Hong Kong after 1997.

"It is necessary to launch a resolute struggle against Chris Patten's reckless acts and force the British Government to abandon the attempt," he said.

XINHUA Director on Patten Reform Package

*HK1603032093 Hong Kong TA KUNG PAO in Chinese
16 Mar 93 p 2*

["Special Dispatch"]

[Excerpt] Beijing, 15 Mar—After listening to Li Peng's severe condemnation of the British Hong Kong authorities in his government work report, Hong Kong and Macao deputies to the National People's Congress [NPC] and Hong Kong and Macao members of the Chinese People's Political Consultative Conference [CPPCC] made their comments.

Zhou Nan, director of the Hong Kong Branch of the XINHUA NEWS AGENCY, said that in his report Li Peng has already comprehensively and fully explained the Chinese Government's solemn position in this respect. Zhou Nan expressed complete support for this position.

Zhou Nan said: "I completely support Li Peng's government work report, which devotes a long passage to the Hong Kong issue. I think the report deals with this issue very comprehensively and fully explains the Chinese Government's solemn position on this problem. As everyone of you is aware, when he read out the passage, the whole audience responded with enthusiastic, long applause four times, indicating that this passage fully portrays the firm will of the 1.2 billion Chinese people. No force in the world can hamper the Chinese people from restoring the exercise of sovereignty over Hong Kong as scheduled."

On Chris Patten gazetting the constitutional reform package, he said that as he had learned, most Hong Kong people are not satisfied with Chris Patten's move. Several days ago a Foreign Ministry spokesman already fully clarified China's stance on this problem. On whether or not both sides can hold talks again, he said: Chris Patten has destroyed the foundation for talks; if he does not correct his mistakes, how can we talk? There is no way to talk.

Zhou Nan added: If Hong Kong's confidence is affected, this is not caused by the Chinese side but because the British Government has taken such measures. This goes beyond all doubts.

In addition, Chen Ziyang, deputy director of the Hong Kong and Macao Affairs Office, indicated that no matter what the circumstances are, the Chinese side will abide by the Sino-British Joint Declaration, will merge with

the Basic Law, and will observe agreements and understandings reached between China and Britain.

Ye Xuanping, chairman of the Presidium of the First Session of the Eighth National CPPCC Committee, said that Hong Kong Governor Chris Patten has created obstacles and wantonly made trouble. He is doomed to failure. [passage omitted]

Further on Remarks

*HK1703072593 Hong Kong WEN WEI PO in Chinese
17 Mar 93 p 12*

[Report by staff reporting group: "Zhou Nan Says Li Peng's Solemn Statement Is Representative of the Will of the People"]

[Text] Beijing, 16 Mar (WEN WEI PO)—Zhou Nan, director of the XINHUA Hong Kong Branch, said here today that the solemn statement made by Premier Li Peng yesterday against the British side was well-grounded and was representative of the will of the Chinese Government and the Chinese people.

With regard to the joint statements separately issued by the Hong Kong deputies to the National People's Congress [NPC] and the Hong Kong members of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], Zhou Nan said that the Chinese Government will give serious consideration to their proposals.

When being asked whether it is true to say that there is absolutely no change toward resuming the Sino-British talks, Zhou Nan asked the reporters in reply: "What can one say at this moment?" He refused to answer all the questions raised by the reporters, and said that the spokesman for the Foreign Ministry had made it very clear on all relevant questions.

Qin Wenjun, deputy director of the XINHUA Hong Kong Branch, said here today that in view of the fact that the British Government did not act in good faith [bu shou xin yi 0008 1343 0207 5030], the Chinese side has every reason to take measures against the political tricks played by the British side.

When being asked to comment on the action of the entire CPPCC members from Hong Kong to issue a joint statement to condemn Hong Kong Governor Patten for breaking faith, Qin Wenjun expressed his full support for the joint statement which required the Chinese Government to adopt resolute countermeasures against the British side.

Qin said: As the British side did not act in good faith at all, he personally thinks that the Chinese Government should adopt some measures. When being asked whether the Sino-British talks can still be resumed, Qin said: There will be two possibilities with regard to whether the talks can be resumed, whether an agreement can be reached even if the talks are resumed, and whether the

agreement can be carried out if it is concluded. So preparations should be made for every possibility.

When talking about Patten's perverse action of gazetting the political reform package, Qin Wenjun said: "This was completely unreasonable" and would just make people disappointed with the British side. He held that the British side lacked sincerity from the very beginning and refused to carry out the agreements that had been concluded by the two sides. What they tried to do was just to play political tricks and deliberately fool people. Qin Wenjun finally indicated that China certainly hopes for cooperation rather than confrontation, but China will never barter away its principles.

Former Envoy Discusses U.S., Hong Kong

HK1703022293 Hong Kong TA KUNG PAO in Chinese
17 Mar 93 p 2

["Special dispatch": "Zhu Qizhen, Former Chinese Ambassador to the United States, Says the United States Should Not Interfere in Hong Kong Affairs"]

[Text] Beijing, 16 Mar (TA KUNG PAO)—Zhu Qizhen, a former Chinese ambassador to the United States, said today that the United States should not interfere in Hong Kong affairs.

The recently returned ambassador has hurried back to China to attend the National People's Congress. When asked about the influence of U.S. factors on the Hong Kong issue, Zhu Qizhen said that the Hong Kong issue before 1997 is a matter between China and the UK, while after 1997 the Hong Kong issue will be China's own affair, adding that it is most important that the United States should not interfere in Hong Kong affairs.

Shanghai's Huang Ju Speaks at News Conference

On Overseas Chinese Investment

OW1603142493 Beijing XINHUA in English 1410
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Overseas Chinese are "extremely welcomed to enter into economic cooperation with Shanghai, said Mayor Huang Ju here today.

At a press conference held in the press center of the eighth National People's Congress (NPC) this afternoon, Huang predicted that Shanghai will use more and more funds from Overseas Chinese.

When asked why funds Shanghai had received from Overseas Chinese were lower than the national average level in the past several years, Huang said Shanghai used to emphasize larger projects in absorbing foreign funds, while Overseas Chinese funds had been largely flowing to smaller projects elsewhere in the country.

Huang, who is here participating in the First Session of the Eighth National People's Congress, said since 1992 Shanghai has shifted to pay equal attention to smaller

projects. A welcome change has taken place, he said, adding that such projects made up 90 percent of the more than two thousand foreign funded enterprises approved last year.

"Shanghai has great potential for use of funds from Overseas Chinese, though the use of such funds remains at a comparatively low level," Huang said.

The mayor said, "We also welcome investors from Taiwan to invest in Shanghai."

City To Maintain Double-Digit Growth

OW1603145593 Beijing XINHUA in English 1432
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Shanghai will maintain a double digit growth rate for the rest of the decade, the city's Mayor Huang Ju said here today.

Huang, a deputy to the Eighth National People's Congress which is currently in session, made the statement at a press conference this afternoon, when asked about how long Shanghai will retain its present momentum of economic growth.

Last year, the city's gross domestic product reached 105.4 billion yuan, up 14.8 percent over the previous year, doubling the average growth rate of the 1980s. That was the first time Shanghai outgrew the average growth rate of the nation in recent years.

Referring to that unprecedented figure, Huang said Shanghai's fast growth rate is based on "high quality, good efficiency and sound market outlet."

So long as Shanghai continues to keep a good balance of capital, resources and market, there will be no problem for it to maintain a growth rate over 10 percent for the rest of the 1990s, he said.

As for whether the more preferential policies for the Pudong New Area will hurt the older part of Shanghai, the mayor said Pudong's development will produce a related growth there, too, thus promoting the development of Shanghai as a whole.

Shanghai Mayor Attends Ceremony for New Projects

OW1603141893 Beijing XINHUA in English 1347
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Four well-known companies based in the United States, Japan, Germany and Hong Kong will invest nearly a total of 250 million U.S. dollars in four projects in Shanghai's Pudong under contracts signed here today.

Shanghai Mayor Huang Ju, who is here attending the current National People's Congress session, attended the signing ceremony.

The joint venture projects include an auto accessories plant to be set up by Ford and Shanghai Yanfeng Accessories Factory with a total investment of 90 million U.S. dollars and each party contributing 50 percent of the total.

Another project is Siemens Shanghai Mobile Communications Co. Ltd., jointly invested by Shanghai Changjiang Communication Equipment Group, Shanghai Xinda Communication Technique Company and Siemens. The total investment is 50 million U.S. dollars.

The third project is Shanghai Tomson Waigaoqiao Development Co. Ltd. with a total investment of 29.8 million U.S. dollars from Waigaoqiao Free-Trade Zone United Development Co. and Hong Kong Tomson. The new corporation will combine industry, storage, trade and land development.

The other project is Shanghai Jinqiao-Fujita United Development Co. Ltd. with a total investment of 80 million U.S. dollars, jointly invested by Fujita of Japan and Shanghai Jinqiao Export-Processing Zone Development Co..

These contracts indicate that Shanghai's absorption of overseas investment is extending to the capital and technology intensive industries and service sectors.

Now Ford is negotiating with Shanghai Auto Industry Corporation on the establishment of a research and development center for producing fuel spray system, auto air-conditioning system and auto glass system. The total investment is expected to exceed 400 million U.S. dollars if the deal is made.

Norbu on 'Great Changes' Taking Place in Tibet
*OW1703044393 Beijing XINHUA in English 0327
GMT 17 Mar 93*

[Text] Beijing, March 17 (XINHUA)—"Tibet is participating in the national surge towards modernization" as the reform and opening up have brought about unprecedented development momentum in the "roof of the world," a Tibetan official said here today.

Gyaincain Norbu, chairman of the Tibet Autonomous Regional Government and deputy to the Eighth National People's Congress (NPC), great changes have taken place in the past four decades since its peaceful liberation in 1951 [sentence as received]. "Tibetan economy has developed with an unprecedented speed in the past 14 years," he said.

He said as the grain output in Tibet reached 600,000 tons in 1992, for the first time Tibet has realized self-sufficiency in food grain. The commodity ratio of its animal by-products went up to 23 percent in the region previously dominated by subsistence-economy.

Old Tibet had no modern industry. Now it has developed over 100 products in a dozen industries such as power, coal and chemical sectors.

Tibet has accelerated construction of infrastructures in recent years. In 1992 the generating capacity in Tibet amounted to 170,000 kw with an output of 370 million kwh [kilowatt hours]. Highways extended to 22,000 kilometers while the telecommunications were updated as all the 75 counties in Tibet have set up satellite ground stations and part of the counties and cities have joined in the international telephone network.

The living standards have improved remarkably. In 1992 the per capita income of local peasants and herdsmen increased by 6.1 percent over 1991. Many households have television sets and washers. Some even have cellular phones.

Tibet has also become an important window of opening to south Asia as ten counties and ports in the region have also set up border trade zones and economic development zones.

Gyaincain Norbu said that Tibet must accelerate its pace of reform and opening to the outside world as it is confronted with the best development opportunity.

Following the regional development plan, Tibet's GNP will increase from 3.2 billion yuan in 1992 to 4.8 billion yuan in 1997 while its domestic income from 2.75 billion yuan to 3.68 billion yuan.

He also noted the gap between Tibet and other parts of China. The restraining factors for its economic growth include insufficient telecommunications and transport facilities and shortage of energy, professionals and funds. Its economic structure is irrational and the rural population accounts for 80 percent of the total.

In the past five years, the central government has adopted a series of preferential policies toward Tibet and allocated over three billion yuan in a number of large projects such as development of agriculture in valleys of the three main rivers, expansion of the Lhasa International Airport and Qamdo Airport.

Tibetan Official Resigns NPC Vice Chairmanship
*HK1703115593 Beijing ZHONGGUO XINWEN SHE
in Chinese 0932 GMT 17 Mar 93*

[By reporter Geng Jun (5105 6511)]

[Text] Beijing, 17 Mar (ZHONGGUO XINWEN SHE)—Ngapoi Ngawang Jigme, an important Tibetan statesman, today explained to the entire Tibetan members of the National Committee of the Chinese People's Political Consultation Conference [CPPCC] at a group discussion meeting of the Nationalities Group of the Eighth CPPCC National Committee why he is going to depart and resign from his original office.

Ngapoi Ngawang Jigme said: "Since 1982, I have held the office of vice chairman of the Standing Committee of the National People's Congress [NPC]. According to the stipulation of Article 66 of the PRC Constitution, NPC chairman and vice chairmen cannot serve more than two consecutive terms. When the new NPC is in session, I should depart from the office of NPC Standing Committee vice chairman according to the law. About 10 people will also terminate their service for the same reason as mine, or for health reasons."

Ngapoi Ngawang Jigme also talked about how he resigned from the office of chairman of the Standing Committee of the People's Congress of the Autonomous Region of Tibet. He said: "I served as chairman of the Standing Committee of the People's Congress of the Autonomous Region of Tibet for three consecutive terms. I was living in Beijing for a long time, but the officials of the Regional People's Congress Standing Committee of Tibet still respected me very much. They always telephoned me or personally came to see me in Beijing to ask for my instructions on major affairs or to submit work reports to me. I found that this was unfavorable to the work in Tibet and there were quite a lot of inconveniences. I applied to resign from office many times. This year, I lodged the resignation once again, and it was finally approved."

Ngapoi Ngawang Jigme, 82, added: "As I am already at an advanced age, I want to resign from all offices I am still holding. However, the central authorities were extremely concerned about Tibet's work, and repeatedly invited me with sincerity to work with the CPPCC National Committee. So I think that I will contribute my remaining energy in my late years to the multiparty cooperation system in the CPPCC, and I am willing to study and act from the very beginning."

Activist Tong Zeng Told To Leave During NPC

HK1703033593 Hong Kong *THE STANDARD* in English 17 Mar 93 p 5

[Report by S.L. Law]

[Text] The Chinese government has told the leader of the war reparation campaign, Tong Zeng, to leave Beijing from today.

The move is to bar him from organising members of the National People's Congress to put forward a motion proposing the government withhold the Japanese loan repayment as war reparation.

The matter was apparently related to a widely publicised open letter signed by some 170 intellectuals which was sent to the general office of NPC and Chinese People's Political Consultative Conference demanding the government legalise war reparation activities and withhold repayment of Japanese loans as war reparations.

Tong, an associate researcher at the China Research Centre on Aging, was told to take a two-week business trip to Shanghai by his work unit, according to Chinese sources.

The order to leave Beijing follows another to student leader Wang Dan on Saturday for him to go to Hainan province which was apparently passed down by the municipal public security bureau.

The sudden business trip would force the campaign leader to drop his plan of organising some 30 NPC delegates to put forward a motion to the meeting on the basis of the open letter.

Sources said Tong would be accompanied by one of his colleagues during the trip in which they were supposed to conduct a survey on the problem of aging in a small county near Shanghai. It was said Tong would not be allowed to return before the conclusion of the NPC and the CPPCC meetings at the end of the month.

Eighth CPPCC National Committee

Delegate Criticizes Li Peng 4 June Label

HK1703034893 Hong Kong *SOUTH CHINA MORNING POST* in English 17 Mar 93 p 10

[By Chris Yeung in Beijing]

[Text] Chinese Premier Mr Li Peng has come under criticism for his reference to the 1989 pro-democracy movement as "counter-revolutionary turmoil" in his work report delivered on Monday at the opening of the National People's Congress.

The salvo was fired by Mr Xu Simin, a long-serving Hong Kong delegate to the Chinese People's Political Consultative Conference (CPPCC), China's main united front body.

Mr Xu said: "It (the crackdown) had been described as the June 4 incident in the past. But this year, it has been changed to 'counter-revolutionary turmoil'."

"I have reservations about this statement. It will turn something positive into negative. Hong Kong people will not accept this."

"This will damage efforts to boost unity with Hong Kong people. Following the swing of Deng Xiaoping to the southern region last year, many Hong Kong people have become more positive about China's future. The remarks will create bad feelings in Hong Kong," he said at a CPPCC group discussion.

Mr Xu, a magazine publisher, also pointed out that the problem of the worsening of social ethics in the mainland had shown no signs of improvement.

He cited the case that many CPPCC delegates had left the full sessions much earlier in the past two days even though top government officials were still speaking.

"What's the purpose of getting on the coach at an earlier time? I felt unease when I saw people leaving in droves when the meeting was still going on," said Mr Xu, who was a member of the CPPCC presidium.

This contrasted with reports by official agencies that Mr Li was greeted by "repeated applause" when he delivered his state-of-nation address.

Mr Xu also pointed to the need to improve the well-being of intellectuals.

Session Discusses Government Work Report

Wang Meng Speaks

OW1703061893 Beijing XINHUA Domestic Service in Chinese 1409 GMT 16 mar 93

[Text] Beijing, 16 Mar (XINHUA)—Starting this afternoon, members attending the First Session of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC] divided into 49 groups and began enthusiastic discussion of Premier Li Peng's "Government Work Report." In their speeches, members rated Premier Li Peng's work report highly, noting that our country's reform, opening, and modernization construction drive are entering a new stage of brisk development; and that we should seize the opportunity and raise the national economy to new heights.

In the conference rooms of nine different hotels, with full confidence and hope, members recalled the course that our great motherland has traversed over the last five years. They pointed out that, marked by the important remarks Comrade Deng Xiaoping made during his inspection of South China, our country's reform, opening, and socialist modernization construction drive have entered a new stage of brisk development. They said that all should rise with force and spirit, blaze new trails, forge ahead, and score new victories for the socialist modernization construction cause in the new year.

During group discussions between Communist Party members and members of democratic parties and democratic personages without party affiliation, CPPCC members used the term "entering a golden age" to describe the current excellent situation of thriving reform, opening, and economic construction. The China Democratic League's Wu Cangping said that our country's situation is getting better and better; and that to make our country a strong, civilized, rich, and socialist nation, unremitting efforts are still needed. Many members said that to bring about the further development and progress of the Chinese nation in the future, it is necessary to have a good understanding of the four-point requirements that Premier Li Peng set forth in his government work report, namely: The need to hold fast to the central task of economic construction; to adhere to the policy of deepening reform and of opening wider to

the outside world; to maintain a stable social and political situation; and the need to further emancipate the mind and carry forward a practical workstyle.

During the trade union, Communist Youth League, and women's federation group discussions, members noted that the basic line of one central task and two basic points ran through Premier Li Peng's entire report. Pan Fulang, a CPPCC member who attended a women's group discussion, stressed the need to take the road of reform and opening to liberate productive forces. She added that the maintenance of political and social stability is needed for the smooth progress of reform and opening. She also said that the present political stability and unity should be treasured.

New members of the Eighth National Committee of the CPPCC from economic circles particularly stressed the spirit of truth-seeking during the discussions. They said that Premier Li Peng had shown keen insight in his work report by proposing to raise the national economy to new heights in the next five years, and by proposing to do a solid job in seven areas of work in economic construction. Member Wang Chuanlun said that to determine whether a country enjoys sustained and stable economic development, one needs only to ask the following questions: Does this country have a rational industrial structure; and does this country suffer from price rises? Thanks to the readjustment of the industrial structure which was carried out during the last several years, there are fewer irrational factors in the industrial structure than in the past. As price problems at present have not reached the stage of affecting economic growth speed, as long as we face the problems encountered in the course of economic development squarely and seize favorable opportunities, our country's national economy will develop rapidly and in a healthy way.

During discussions, members from cultural, ideological, education, press, and propaganda circles said that they were very encouraged by Premier Li Peng's report because the ideas of making culture thrive and of promoting culture ran through the report; and because the report stresses the importance of building the spiritual civilization. Member Wang Meng expressed the hope that those who are engaged in cultural and art work would concentrate their efforts on promoting culture and the arts; accelerate the pace of reform in culture and the arts; and provide an excellent environment for the emergence of first rate cultural and art works. All those attending the group discussions agreed that it is the responsibility of those who are engaged in cultural and art work to provide high quality cultural food for the broad masses of the people.

Favorably Evaluates Report

OW1603142693 Beijing XINHUA in English 1409 GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—Members of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC) spoke highly

today of the government work report delivered by Chinese Premier Li Peng at the ongoing first session of the Eighth National People's Congress (NPC).

Nearly 2,000 members of the CPPCC Eighth National Committee began discussing Li's report in 49 groups.

Seizing the opportunity and marching towards the world market is their hot topic.

Gong Zhendong, member of the Jiu San Society Central Committee, said the government work report makes it clear that China now has the opportunity to enter the world market. "The report pays top attention to quality control, financial rules and other work required in international economic activities. This is something new," he said.

Moreover, Gong said, the report dwells on the deepening of reforms in great detail. Reforms blueprinted in the report include not only changes of government functions and changes in the way state-owned enterprises operate, but also cover the sectors of planning, finance, banking, taxation and social security.

He said, "only by implementing a whole series of reforms step by step can productive forces be further liberated and economic development accelerated."

Wang Chuanlun, a professor of economics at the people's university of China, said that, since economic development is one of China's major tasks in the 1990s, government leaders should be economic experts.

"I can read from the report that the Chinese leaders' standards in managing state economic affairs are improving steadily," he said.

Observers here said that making comments on the standards of government leaders did not often happen at previous CPPCC sessions.

CPPCC members also gave favorable comments on the listing of problems in the country's economic development in the report on government work.

Economists Say Leaders Improve in Management

*OW1703044493 Beijing XINHUA in English 0333
GMT 17 Mar 93*

[Text] Beijing, March 17 (XINHUA)—People from Chinese economic circles attending the first session of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC) said Chinese leaders have made a remarkable improvement in economic management skills.

They expressed the view while discussing Premier Li Peng's report on government work that was delivered March 15 at the first session of the Eighth National People's Congress (NPC).

In a group discussion, Wang Chuanlun, a professor of economics of the People's University of China, said he appreciates the report's spirit of seeking truth from facts.

"While giving an account of achievements scored by China in the last five years, the report does not avoid talking about problems," he said.

Economic development takes center stage in China, which requires that leaders make correct evaluation of the country's economic situation and work out appropriate development strategies and policies.

The report on government work shows that Chinese leaders now have a better command of economic matters, the economist said.

Liu Shulin, general manager of the Jilin Chemical Industrial Corp., said he was inspired by the growth targets suggested by the report.

"The national economic growth rate before 1995 has been hiked from the original six percent to 8-9 percent a year," he said. "I think it is very suitable for the country and leaves some leeway in the meantime.

"That reflects the spirit of 'seizing opportunity for fast development', as proposed by Comrade Deng Xiaoping. Actual growth of the country may well exceed nine percent."

Zhao Haikuan, a financial expert, said his colleagues feel encouraged by the prospective reform of China's financial system, as proposed by the government in the premier's report.

Not all comments were favorable, however. Wang Yu, a well-known economist, said the report is not quite clear and specific on how to prevent the loss of state assets.

There are some misunderstandings on the subject, he said. "Some localities stipulate that the right of state assets cannot be transferred, and that is a misunderstanding," he said.

"The report should be more specific on this," he said.

Wang Wenda, general manager of the Benxi Iron and Steel Company, calls for the government to alleviate burdens on state-owned enterprises.

"The report should offer concrete measures for invigorating state enterprises," he said. "It should add a paragraph about alleviating the burdens of state enterprises such as taxes."

China's state-owned enterprises pay higher taxes than their counterparts in the west, which is not beneficial to the invigoration of state-owned enterprises, he said.

Beijing TV Shows Leaders at Opening of CPPCC Session

OW1403214393

[Editorial Report] Beijing Central Television Program One Network in Mandarin in its "National News Hookup" program at 1100 GMT on 14 March broadcasts a four-minute recorded report on the opening of the First Session of the Eighth CPPCC National Committee at the Great Hall of the People in Beijing on the afternoon of 14 March.

The video opens with a closeup of Li Ruihuan, an executive chairman of the First Session of the Eighth CPPCC National Committee, and then pans to show Wu Xueqian, Yang Rudai, Wang Zhaoguo, and other executive chairmen of the session's Presidium in the front row on the rostrum. The video then shows closeups of Jiang Zemin, Li Peng, Yang Shangkun, Qiao Shi, Zhu Rongji, Liu Huaqing, and Hu Jintao, respectively, all of whom are seated on the rostrum. The national anthem is played after Li Ruihuan declares the opening of the session.

Li Ruihuan starts to deliver a short speech and invites Ye Xuanping, vice chairman of the Seventh CPPCC National Committee, to make a report on the work of the Standing Committee of the Seventh CPPCC National Committee. The announcer reports the contents of Ye Xuanping's speech while the video switches between Ye and other attendees, including Chen Muhua, Qin Jiwei, Wang Bingqian, Song Jian and others.

Executive Chairman Assails Hong Kong Governor

OW1503153993 Beijing XINHUA in English 1425 GMT 15 Mar 93

[Text] Beijing, March 15 (XINHUA)—Ye Xuanping, an executive chairman of the Presidium of the First Session of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), said here this evening that the CPPCC members and deputies to the National People's Congress [NPC] from Hong Kong and Macao would offer more suggestions and opinions concerning the country's construction.

Ye was speaking at a dinner given by the CPPCC National Committee and Department of the United Front Work of the Central Committee of the Communist Party of China (CPC) in honor of CPPCC members and deputies to the First Session of the Eighth National People's Congress (NPC) from Hong Kong and Macao.

Extending welcome to the members and deputies, Ye said that the two on-going sessions will pool the wisdom of the people across the land, including those residing overseas, so that the country will be able to grasp the opportunity to step up China's modernization drive and promote a peaceful reunification of the motherland.

He asked them to reflect popular will and put forward opinions, criticisms and suggestions concerning major state affairs for the prosperity of China.

He said, the Basic Law on Hong Kong and the yet to be adopted Basic Law on Macao are the basic guarantee for China's smooth resumption of the sovereignty over Hong Kong and Macao and the long-term prosperity in the region.

However, Ye said, Hong Kong Governor Chris Patten has recently created obstacles one way or another to jeopardize the stability and prosperity in Hong Kong.

Ye pointed out that Patten's action goes against the Sino-British Joint Declaration, the Basic Law and the agreement and understandings reached between Chinese and British sides, and is not in keeping with the interest of the Hong Kong people. He is bound to failure and the majority of the people in Hong Kong want stability, he added.

Hong Kong Affairs Official Criticizes Governor

China To Implement Basic Law

HK1503062393 Hong Kong WEN WEI PO in Chinese 15 Mar 93 p 11

[By WEN WEI PO news team: "Chen Ziyang, deputy director of the State Council Hong Kong and Macao Affairs Office, Says China Has the Determination and the Means To Preserve Hong Kong's Prosperity and Stability"]

[Text] Beijing, 14 Mar—During his presence at the First Session of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC] today, Chen Ziyang, deputy director of the State Council Hong Kong and Macao Affairs Office and national CPPCC member, was asked by a group of reporters about Chris Patten's gazetting the draft of his constitutional reform package. He pointed out that Chris Patten's move shows that the British side has no sincerity for talks at all, adding that the British side should bear the responsibility arising therefrom. But the Chinese side has the determination and means to protect Hong Kong people's interests, to realize the formula of one country, two systems in Hong Kong, and to preserve Hong Kong's prosperity and stability.

Chen Ziyang pointed out: The Chinese Foreign Ministry has issued a statement on this matter. This statement comprehensively represents the opinion of the central people's government of the PRC. He added that the contents of this statement are very well expressed.

Chen Ziyang criticized Chris Patten for gazetting his constitutional reform package, adding that this suggests that the British side has no sincerity for talks at all. Talks have been ruined by the British side and cannot be held, therefore, the problem explicitly lies there and the responsibility should lie with the British side. Chen

Ziying said that the British side should answer whether or not China and Britain still have an opportunity for talks.

Chen Ziying continued: No matter what the circumstances, China has the determination and the means to implement the Sino-British Joint Declaration, to abide by the Basic Law, and to put into effect all agreements concerning the Hong Kong issue.

The most fundamental method is to conscientiously implement the Joint Declaration and make good arrangements for Hong Kong so that the post-1997 Hong Kong Special Administrative Regional Government can merge with the Basic Law, Chen Ziying said.

When the reporters asked him if there will be contacts between the Chinese and British sides in the future, he said China and Britain are countries with diplomatic relations and they will in any case have diplomatic contacts. On Hong Kong's political structure, the Chinese side has always sought cooperation, but cooperation needs to be carried out by both sides, instead of one side alone. Therefore he accused the British side of having no sincerity at all on the question of cooperation; Chris Patten's move has proved this. On whether or not the Chinese and British sides now still have a foundation for talks, Chen Ziying said that the development of Hong Kong's situation can explain this question.

When the reporters mentioned again the question of "setting up another stove," Chen Ziying reiterated that this question has been explained very explicitly, adding that the Basic Law has provided a good "stove" for Hong Kong's future political structure.

On Chris Patten's intention to do what suits himself by casting aside the "stove" already built by the Basic Law, Chen Ziying pointed out that China, no matter what the circumstances, will protect the Basic Law, conscientiously implement the Basic Law, and put the Basic Law into effect according to the spirit of the Basic Law.

Confirms No Contact With UK Since 12 Mar

HK1603025693 Hong Kong WEN WEI PO in Chinese
16 Mar p 2

[Text] Chen Ziying, deputy director of the State Council's Hong Kong and Macao Affairs Office, has confirmed that the Chinese and British sides have ended diplomatic contact since Hong Kong Governor Chris Patten gazetted the political reform bill on 12 March. When asked by reporters about the possibility of resuming Sino-British talks, Chen said: The present situation is similar to a stage being destroyed. The question about the possibility of talks should be addressed to those who destroyed the stage. It is not the Chinese side that should repair the stage.

Ye Xuanping, executive chairman of the presidium of the first session of the Eighth National Chinese People's Political Consultative Conference (CPPCC) also reportedly said: Hong Kong Governor Patten placed all sorts of

obstacles and wantonly made trouble. He is doomed to failure. Ye Xuanping made the statement at the reception jointly given by the National CPPCC and the CPC Central Committee United Front Work Department in honor of Hong Kong and Macao's National People's Congress deputies and CPPCC members.

When addressing the reception, Ye Xuanping said: Recently, Hong Kong Governor Patten, who did not act in good faith, placed all sorts of obstacles and wantonly made trouble, thus doing harm to Hong Kong's excellent situation of prosperity and stability. However, all Patten's plans to violate the Sino-British Joint Declaration are not in the interest of Hong Kong compatriots. He is doomed to fail.

Hong Kong Members Criticize UK, Governor's Acts

UK Does 'Wrong Thing'

OW1403115893 Beijing XINHUA Domestic Service in Chinese 1040 GMT 13 Mar 93

[By reporters Chen Jianshan (7115 1696 1472) and Sun Chengbin (1327 2110 2430)]

[Text] Beijing, 13 Mar (XINHUA)—After learning that the Hong Kong's British authorities officially announced on 12 March the draft legislation of their 1994-95 election arrangements, which are based on Hong Kong Governor Patten's "constitutional package", some Hong Kong members of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] who have come to Beijing to attend a CPPCC meeting have said that the Hong Kong British authorities have again done the wrong thing; intentionally stood in confrontation with the Chinese side; and created intense turbulences to Hong Kong's political, economic, and social life. They said people are shocked by the breach of faith by the Hong Kong British authorities.

Veteran Committee member An Zijie, 81, who is also an adviser on Hong Kong affairs, took part as [committee] vice chairman for drafting the Basic Law of Hong Kong. He pointed out: We went through many ups and downs in drafting the Basic Law; the law is based on the Sino-British Joint Declaration and other relevant agreements between China and Britain; not even a single word of the law should be altered. The Chinese side has repeatedly pointed out that the Hong Kong British authorities should quickly return to the Joint Declaration, the Basic Law, and the understandings and agreements reached between the Chinese and British sides. The Hong Kong British authorities neither understand China nor the Chinese people. Stubbornly violating the Basic Law will lead the Hong Kong British authorities nowhere.

Zhu Lianfen, a newly elected CPPCC member and chairman of the Hong Kong's Xinze International Trade Company, said: Patten's "political reform proposal" violates the Sino-British Joint Declaration, the Basic

Law, and the understandings reached between the Chinese and British sides. It is also not in line with the Hong Kong people's wishes because all Hong Kong people hope Hong Kong's transition will be a smooth one. On 12 March, Patten published the so-called proposal in the Hong Kong British authorities' "gazette", causing a sharp drop in Hong Kong's stock market. This shows that the Hong Kong British authorities' act has brought an unexpected turn to the smooth transition of Hong Kong and has created unrest among Hong Kong residents.

Shi Xiangpeng, chairman of the board of Hong Kong's Hengxing Jili Company, is the first Hong Kong CPPCC member to arrive in Beijing. Talking about the Hong Kong British authorities' act on 12 March, the newly elected member said emotionally: Nobody can stop China from restoring and exercising its sovereignty over Hong Kong and from reunifying the motherland. Britain has governed Hong Kong for more than 100 years and has never practiced so-called democracy. Now it begins to talk about democracy; everyone knows its intentions very well. The Basic Law, which was established after many consultations, fully takes care of the interests of Hong Kong as well as of the British side; it is an important assurance for the smooth transition of Hong Kong. If Patten truly has the Hong Kong people's interests in mind, he should return to the Basic Law as soon as possible and should not stubbornly do things in his own way. If the Hong Kong British authorities insist on choosing confrontation, there is nothing that can scare us. China is sincere about whether Hong Kong's political system would properly fit into the Basic Law; the problem lies with the Hong Kong British authorities.

Zou Canji, a former member of the Hong Kong Basic Law Counselling Committee and a newly elected CPPCC member, is a famous legal expert in Hong Kong. He pointed out that Patten has always mistakenly estimated the Chinese side's attitude.

Patten's stubbornly acting against the Chinese side and his repeated wrong acts have undermined Hong Kong's stability and caused tremendous turbulences to the lives of Hong Kong people. Zou Canji said: After China restores the exercise of its sovereignty over Hong Kong in 1997, Hong Kong will be more stable and will continue to enjoy its prosperity and development. Some small tricks of the Hong Kong British authorities are destined to be hopeless.

UK Seeks 'Path of Confrontation'

OW1503152793 Beijing XINHUA in English 1509
GMT 15 Mar 93

[Text] Beijing, March 15 (XINHUA)—Some members of the National Committee of the Eighth Chinese People's Political Consultative Conference (CPPCC) from Hong Kong and Macao lashed at British Hong Kong authorities for their seeking a path of confrontation with the Chinese side.

In a group interview granted to reporters in the International Hotel today, the members attending the ongoing CPPCC session, pointed out that China would never barter away principles and that Hong Kong will maintain its prosperity and stability in future.

Tsui Sze Man, managing director of the Mirror Post Cultural Enterprises Co., said that, since his arrival in Hong Kong, Chris Patten has deliberately sought a path of confrontation with the Chinese side instead of cooperating with the latter as his predecessors did.

Negotiations between China and Britain are business between two sovereign states, he said, but the British Hong Kong authorities proposed sending representatives of their own to participate in negotiations, trying to play a "three-leg" trick. In doing this, the governor tries to turn Hong Kong's Legislative Council into a "political entity" in a vain attempt to create a Hong Kong that would confront with China after 1997, he said.

Leo Tung-hai Lee, chairman of the Tung Tai Group of companies, regarded the British authorities as perfidious, saying their maneuvers not only go against the wishes of Hong Kong compatriots but are also opposed by many public figures in Britain.

Tsang Yok Sing, principal of Pui Kiu Middle School in Hong Kong, and Tan Wai-cho, a Hong Kong barrister, pointed out that the British authorities in Hong Kong have violated the Sino-British Joint Declaration, the principle to converge with the Basic Law and relevant agreements and understandings reached between China and Britain by publishing Hong Kong governor's constitutional package without any consultation with the Chinese side.

Tan Wai-cho said the Basic Law clearly states that the right of interpreting the Basic Law is vested in China's National People's Congress, not the British parliament or the British authorities in Hong Kong. Any misinterpretation of the Basic Law is not acceptable to the Chinese side.

Tsang Yok Sing stressed that China will never make concessions on matters of principle.

He urged the British authorities in Hong Kong to clear the obstacles they themselves have placed and to return to the agreements which have been reached between China and Britain.

Referring to the future of Hong Kong, Leo Tung-hai Lee said that, thanks to its reform and open policy, the Chinese mainland has enjoyed a strong economy, providing a powerful guarantee for Hong Kong's future prosperity and stability.

He expressed the belief that, with the situation in China getting ever better, Hong Kong would have a bright future from a long-term point of view despite the fact that the British authorities in Hong Kong have continuously sowed confusion.

T.T. Tsui, chairman of the New China-Hong Kong Group Limited, noted that, what the Hong Kong authorities has done will do damage to the local economy temporarily, but it will serve to enable the Hong Kong people to see more and more clearly the British government's true features from its unfaithful acts.

Tou Hoi lu, vice president of the Chinese General Chamber of Commerce of Macao, said Macao has enjoyed increasing stability and rapid economic growth, along with growing confidence of its residents, since China and Portugal signed the Joint Declaration on Macao in 1987.

"Had the law and agreements between China and Britain been adhered to, things may have been different in Hong Kong," he said, citing Macao as a convincing example.

Release Statement on Issue

OW1703045793 Beijing XINHUA Domestic Service in Chinese 0912 GMT 16 Mar 93

[Text] Beijing, 16 Mar (XINHUA)—Statement issued by Hong Kong members of the Eighth Chinese People's Political Consultative Conference [CPPCC] National Committee who are attending its first session in Beijing:

We, the members of the CPPCC National Committee from Hong Kong, issue the following statement regarding Chris Patten's repeated acts of breaking faith and creating various obstacles to sabotage Hong Kong's prosperity and stability as well as its smooth transition:

We firmly support the serious and principled stand as stated by Premier Li Peng in his Government Work Report. At a time when China and the UK were near resuming negotiations, Chris Patten unexpectedly had his program published in XIAN BAO [CONSTITUTION JOURNAL], thereby undermining negotiations. We strongly condemn this. We hold that the British Government should take full historical responsibility for all serious consequences arising from the artificial obstacles to Sino-British cooperation created by Chris Patten.

Like the rest of the broad mass of Hong Kong citizens, we hope China and the UK can hold negotiations on Hong Kong's 1994-95 elections, and we strongly urge the British Government to immediately remove obstacles and return to the track of the Sino-British Joint Declaration, the Basic Law, and the relevant understanding and agreements reached between the two sides.

We further appeal to the broad mass of citizens of Hong Kong to keep sober-minded and unite as one in order to urge the British Government to keep its promise and return to the path of cooperation.

If the British Government continues to obstinately stick to the wrong course, we hold that the Chinese Government is duty-bound to become prepared and adopt effective measures to implement the "one country, two systems" approach as well as earnestly enforce the Basic Law to safeguard the well-being of Hong Kong citizens.

[Issued by] Members of the CPPCC National Committee from Hong Kong who are in Beijing
[Dated] 16 March 1993

'Strongly' Denounce UK Support of Patten

OW1703075793 Beijing XINHUA in English 0704 GMT 17 Mar 93

[Text] Beijing, March 17 (XINHUA)—National committee members of the Chinese People's Political Consultative Conference (CPPCC), who are here attending the committee's annual session, strongly denounced the British government for its "perverse act" of supporting Hong Kong Governor Chris Patten in gazetting his constitutional package.

In group discussions, CPPCC National Committee members accused Britain of "deliberately sabotaging" the prosperity and stability of Hong Kong, saying it must bear all "serious consequences" arising from what it has done.

Qian Weichang, a vice-chairman of the Central Committee of the China Democratic League and a member of the drafting committee for Hong Kong's Basic Law, said the Basic Law establishes the principle of "one country, two systems" in the form of law, which constitutes "a fundamental guarantee" for Hong Kong's long-term prosperity, stability and a gradual process of democratization.

"Britain, which has been ruling Hong Kong for more than 100 years and practicing autocracy there all along, now comes up with a proposal to 'strengthen democracy'," Qian said. "This is fake democracy, real sabotage."

Many other members, including Vice Chairman Wu Jing of the Central Supervision Commission of the Revolutionary Committee of the Chinese Kuomintang and vice chairman of the Guangdong provincial committee of CPPCC, voiced support for the government's position on the Hong Kong issue, as expounded in Premier Li Peng's report delivered to the opening session of the National People's Congress.

Hong Kong, Macao Members Discuss Work Report

OW1703110793 Beijing XINHUA in English 1031 GMT 17 Mar 93

[Text] Beijing, March 17 (XINHUA)—Hong Kong and Macao members of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC) viewed the government work report delivered by Premier Li Peng as "practical and realistic," and said it boosted their confidence in future China.

Li Tianqing, a CPPCC member from Macao, said that while summing up the achievements the country has made in the past five years, the report also listed existing

problems. Bravely exposing and analyzing these problems has paved the way for solving the problems and overcoming drawbacks in the future.

He expressed the hope that the government can work out concrete and effective measures as quickly as possible to tackle such questions as irrational industrial structure, reckless investment and too much administrative interference into enterprises. Li also expressed the hope that the government will formulate relevant laws and regulations to guarantee the settling of these questions.

Tsui Sze-man, a CPPCC member from Hong Kong, said that the premier's work report was accorded applauses 27 times when he delivered it, which showed that the report reflected the will of the Chinese people.

A CPPCC member from Macao, Tina Ting Yee-ho, noted that all tasks put forward in the premier's report aim to serve the central task of economic development, such as the improvement of physical and cultural standards of the people, streamlining government institutions, reform and opening up.

This is of great significance to the prosperity of China and to the improvement of people's living standards, he said.

Other Hong Kong and Macao CPPCC members also expressed their views on questions they are concerned about most.

Chu Lien-fan from Hong Kong said that it is not enough to just incorporate the policy of establishing a socialist market economy in the constitution. Further effort should be made to publicize the policy so that people will have a better understanding of the policy in terms of psychology, criteria of value and social behavior, she added.

Only by establishing a supervision system with legal basis can the market economy develop in a healthy and steady way. Therefore, it is a pressing task to formulate laws and regulations suited for the development of the economy, she said.

A Macao CPPCC member, Hong Hin-yeung, pointed out that the competition of economic strength among countries is actually the competition of professionally trained personnel and wisdom. He expressed his worry that the income of teachers is so low that some of them have to moonlight and can not devote themselves to teaching.

He expressed the hope that the government will conscientiously improve the remuneration of intellectuals.

Political & Social

Minister on Release of Pro-Democracy Activists

HK1603154293 Hong Kong MING PAO in Chinese 15 Mar 93 p 6

[By MING PAO news team: "Justice Minister Cai Cheng Says It Is Possible To Release Pro-Democracy Activists Ahead of Time"]

[Text] Chinese Justice Minister Cai Cheng said yesterday: After releasing all students involved in the 4 June 1989 event, it is not impossible to release the other jailed pro-democracy activists ahead of time. He said: In accordance with Chinese laws, so long as prisoners observe prison regulations and reform themselves into good citizens, it is possible to reduce their sentences, to release them on parole, to "release them on bail for medical treatment" or to "let them serve a sentence on bail," as long as they are deserving. However, all this depends on their "performance."

In an interview yesterday with our reporters, Cai Cheng said: Whether or not Chen Ziming, Wang Juntao, Ren Wanting, Wei Qingsheng, and others can be released ahead of time depends mainly on their "performances" in jail. If they are regarded by official authorities as "having reformed themselves well," it is possible for them to be released ahead of time. However, as of now, in China there have been no stipulations on granting "a general pardon or a special pardon" to prisoners because of special events.

According to Cai Cheng's explanation, the Chinese criminal law stipulates: Release on parole is given to prisoners who have served more than a half of their sentences and to prisoners who were sentenced to imprisonment for life and have served more than 10 years of their sentences. Prisoners with special cases are allowed to not observe the above-mentioned limits of sentences served.

Cai Cheng said: China now has 1.2 million prisoners and 180,000 personnel receiving reeducation through labor (lawbreakers who have not been punished by law but were punished in public security terms [zhi an chu fa 3112 1344 5710 5000]). In relation to the nation's total population, the proportion of this section of people is considered not high in world terms. He denied the allegation that there are political prisoners in China. He said that not believing in Marx's and Lenin's thoughts and political views was not considered a law violation. However, in accordance with the stipulations of the criminal law, "counterrevolutionary" acts aimed at subverting the government, splitting the motherland, and overthrowing the socialist system will be punished by law. He said: "counterrevolutionary" offenders are very limited in number. The figures released by Western human rights organizations in this regard are "exaggerated." Nevertheless, he revealed no figures about "counterrevolutionary offenders."

One of the functions of the Ministry of Justice is to manage prisoners. Charged with special responsibilities for public security and judicial work for nearly 40 years, Cai Cheng said: In the last 14 years of reform and opening up to the outside world, a considerable improvement has been made in the human rights among Chinese prisoners. Now a "hundred-mark assessment system" is being practiced among prisoners and persons receiving reeducation through labor. The soundness of prisoners' performances is assessed and calculated on a hundred-mark basis and those who have accumulated higher marks can have their sentences reduced. During Spring Festival holidays, criminals receiving reform through labor can go home and sometimes prisoners' family members are allowed to stay in the prisons for two or three days. Moreover, some professional training courses are given in prisons so that prisoners can master proficiency in a particular line, with which they can earn a living after being released. He said: With the implementation of these measures, prisoners' "legitimate rights" have thus been protected.

Another important function of the Ministry of Justice is to manage lawyers. Cai Cheng maintained: The mainland is moving toward a market economy, which is an economy based on the legal system, in which there is "ample scope for lawyers' abilities." This being the case, it is necessary to establish a nationwide "legal service market." Among the 1 billion Chinese people, there are only some 40,000 lawyers. This number is too small (among the 200 million Americans, there are 500,000 lawyers). Therefore, it is necessary to train and seek people with a special gift in law at an accelerated pace. China plans to have expanded the contingent of lawyers to 100,000 personnel by the end of this century.

At the same time, it is necessary to reform the lawyers system. An end should be put to the situation in which 90 percent of lawyers are state cadres who receive "ironclad wages" and enjoy "iron armchairs." In the 3,000 or so law firms throughout the country, floating wages based on economic efficiency have been introduced and administrative organs have reduced their interference in lawyer businesses.

Moreover, lawyers are encouraged to free themselves from the existing structure to form cooperative law firms. Now China has several hundred such firms. In addition, further explorations are being conducted on setting up shareholding lawyers firms.

Denies Wang Dan Banishment

HK1603030493 Hong Kong SOUTH CHINA MORNING POST in English 16 Mar 93 p 12

[By Chris Yeung]

[Text] China's top dissident Wei Jingsheng will be paroled if he behaves well in jail, Minister for Justice Mr Cai Cheng said yesterday.

He also denied a report that Tiananmen Square student leader Mr Wang Dan had been banished to Hainan Island for fear the activist would embarrass the Government by talking to the foreign press.

Mr Cai described the behaviour of Wei, serving 15 years for his part in the 1978 Democracy Movement, in prison as "fair".

Dissident Urges Political Bureau To Study Case

OW1703081293 Tokyo KYODO in English 0730 GMT 17 Mar 93

[Text] Beijing, March 17 KYODO—A veteran dissident has launched a bold challenge to China's human rights stance, writing to two Communist Party Politburo members that he has been denied the basic means to subsist because his identity papers have been rescinded.

Min Qi, a former colleague of jailed intellectuals Wang Juntao and Chen Ziming, sent a letter Monday [15 March] to Politburo members Qiao Shi and Ren Jianxin asking them to resolve his case.

Min, 42, told KYODO NEWS SERVICE on Wednesday [17 March] that he chose these two leaders because Ren is president of the Supreme People's Court and Qiao wields unrivaled influence within China's vast security and judicial networks.

Min said he has been forced to live as a social outcast since February 1991 when his Beijing residency card and identity papers were canceled by public security officials.

"My status as a man without official identity means I cannot buy state grain, apply for a job, study, marry, or even father a child," he said. "Officially, I no longer exist."

In the letter, Min charges that police actions taken against him contravene the country's own definition of human rights.

"It is the fundamental right of a citizen not to be exploited or have his human rights violated by either individuals or administrative officials," he said.

China consistently rejects Western human rights criticism by maintaining that it guarantees citizens food and clothing and the fundamental means to subsist.

Min, who was jailed for five years in the early 1970s for his political beliefs, worked at the now-defunct Beijing Social Economics Studies Institute until 1989 when he fled the capital after participating in the ill-fated pro-democracy movement.

Chen, the independent research institute's founder, and Wang were accused of masterminding the protests and sentenced to lengthy jail terms.

Min said he will campaign for the release of all political prisoners in China, including his erstwhile colleagues.

"They are guilty of no crimes. All they tried to do was to take democracy from China's streets into the Great Hall of the People," he said.

"China badly needs the kind of social stability and reconciliation that can only be achieved by releasing all political prisoners."

Article Urges Mastering Materialist Dialectics

HK1203001093 Beijing GUANGMING RIBAO in Chinese 4 Mar 93 p 1

[Commentator's article: "Grasp Materialist Dialectics, Guard Against Subjective One-Sidedness—Fourth Discussion on Emancipation of Minds and Seeking Truth from Facts"; third discussion published on page 32 of the 3 March China DAILY REPORT]

[Text] The process of emancipating the mind and seeking truth from facts is a dialectical as well as a materialist one. This is the basis on which the two precepts are internally unified. To uphold the principle of integrating emancipating the mind with seeking truth from facts, we must learn to master materialist dialectics and make it serve as a guide for our actions so that we can guard against subjective one-sidedness.

The following case is a common occurrence in reality: Some leading organs or leading cadres often failed to achieve what they desired although their ideas were not conservative or outdated and they were determined to achieve something. Why? The reasons may vary but a lack of materialist dialectics in their minds and their failure to apply materialist and dialectical viewpoints to studying and analyzing problems are where the crux lies.

To acquire a correct understanding of objective realities, emancipate our minds, and seek truth from facts, we must look at things from all sides. By "from all sides," we mean that we should not only understand and grasp a certain aspect of a thing but also its various aspects, as well as relationships between the various aspects; that we should not only understand and grasp a thing but also other things related to it as well as the relationships between the various things; and that we should not only understand and grasp the present state of the thing but also its future state. Building socialism with Chinese characteristics embraces a set of complicated systematic projects. Various subsystems, as well as various aspects of each subsystem, are closely related and indispensable. Economics cannot be separated from politics, culture, education, science, and technology, nor can material progress be separated from cultural and ideological progress. As far as economic construction is concerned, industry cannot be separated from agriculture and tertiary industry. And so on. Only when we have acquired a practical and comprehensive understanding of the internal relations between objective things, can we make policy decisions in a scientific way and score victories in the practice of building socialism with Chinese characteristics. The practice of focusing on only one aspect to the neglect of other aspects, or on immediate interests to

the neglect of long-term interests, or on partial interests to the neglect of overall interests, runs counter to the requirements of materialist dialectics and is not conducive to building socialism with Chinese characteristics.

Materialist dialectics calls for dynamic instead of static looking at things from all sides. Thus, only when we look at things with an eye on the course of their development, can we arrive at a complete understanding of them. One mistake our comrades often make is that they fail to see that one tendency may conceal another. Take for example the problem of grasping two links at the same time. Some comrades consciously or unconsciously forgot to advance socialist culture and ethics, or regarded this task as "soft," when the building of socialist culture and ethics was proceeding well or when they had arduous tasks to perform in economic construction, though they understood the importance of advancing socialist culture and ethics and the important role advanced culture and ethics played in building socialism with Chinese characteristics. These comrades were not aware that there might be new secret contradictions and problems in the favorable situation and that one tendency might conceal another. From the philosophical viewpoint, these comrades made a mistake known as one-sidedness. Have our comrades not often committed the same mistake on other issues? When the situation is good, these comrades often ignore outstanding problems and difficulties and are slack in their work. This tendency should receive our attention.

In solving a problem, we should make great efforts to identify the characteristics of the problem, namely, the peculiarities of the contradiction, and then find a specific solution to the contradiction in light of its peculiarities. This is the basic viewpoint of materialist dialectics and also an inherent [nei zai 0355 0961] requirement for emancipating the mind and seeking truth from facts. Things vary and have different characteristics, namely, they have special natures which distinguish them from others. To acquire an understanding of a contradiction, we must find out the peculiarity of the contradiction, the special causes or bases for movement and development of a thing. But some of our comrades acted otherwise in carrying out the reform, opening up to the outside world, and modernization program. They separated the universality from peculiarity, or the general from specific character, of things. They changed the party's principles and policies into purely abstract formulas or copied them indiscriminately. In other cases, they overemphasized past experience, applying it to every issue, or treated the experience created by other areas as a formula universally applicable. They refrained from conducting investigations and studies of the contradiction as a whole as well as the peculiarity of various aspects of the contradiction in their own areas or departments and ignored the necessity of making a meticulous study of its characteristics. These comrades did not understand that the universality and peculiarity depend upon each other for their existence and that the universality separated from the peculiarity can only become useless dogma.

Lenin said: Making a concrete analysis of concrete conditions is the living soul of Marxism. Comrade Mao Zedong also said: Contradictions of different natures can only be solved with methods of different natures. Here lie the most reasons for some of our leading organs or leading comrades making mistakes in their work.

Integrating the fundamental tenets of Marxism with China's specific realities is our party's basic experience. Comrade Deng Xiaoping and the party's Central Committee with Comrade Jiang Zemin at the core, have repeatedly told us that we must closely integrate the party's line, principles, and policies with the specific conditions in our own areas or departments. The practice the Chinese people have taken part in under the party leadership since the Third Plenary Session of the 11th CPC Central Committee is one correctly applying materialist dialectics and the great achievements scored in the last 15 years, are the results of applying materialist dialectics. Comrade Deng Xiaoping is the chief architect of our socialist reform and open policy and also an example of flexibly applying materialist dialectics. Every major strategic decision Comrade Deng Xiaoping made, and every ideological or theoretical viewpoint he has expounded, is the result of his evaluation of the past and present, as well as positive and negative experiences, and also the result of his study of China's specific conditions and existing complicated contradictions. For example, the party's basic lines and their internal relations which he expounded; the series of guiding principles for grasping the two links at the same time which he put forward; and the brilliant ideas about the struggle against left or right tendencies which he repeatedly explained, all radiate with the light of materialist dialectics. His theory of building socialism with Chinese characteristics and the historic contribution he has made and over which he has expended much energy, exactly embody materialist dialectics.

We are carrying on an undertaking which our predecessors have never done. Our practice is a practice of building socialism with Chinese characteristics in which hundreds of millions of people are conscientiously taking part. The great practice must be guided by scientific theories and will pave the way for spreading the scientific theories among the people. We are convinced that with the practice of building socialism with Chinese characteristics proceeding in depth, leading cadres at all levels will be able to improve their skills in applying materialist dialectics and that materialist dialectics will develop and be made universal among our people.

Compensation to Victims of Wrong Verdicts Urged

HK1603124893 Beijing FAZHI RIBAO in Chinese 1 Mar 93 p 1

[Article by Yang Yuexin (2799 2450 1878): "To End the Helplessness of the Innocent"]

[Text] Recently, the media has disclosed one incident after another in which judiciary organs wrongly detained and sentenced innocent citizens. Those that have evoked a fairly strong reaction include the cases of Zhang Chuhong, Cao Shizhong, and Yan Yueming. In fact, similar cases of the innocent put behind prison bars can still be found in actual life. "They arrested me in a grand and spectacular way but sent me away with a casual sentence," said Yan Yueming, Loudi City People's Congress deputy and "National Shock Worker of the New Long March," when he took a written decision issued by the Loudi City Branch of the Hunan Provincial People's Procuratorate rescinding the case against him. His bitter words express the helplessness and sorrow of all innocent victims. People no longer take pity only on their wasted time, held-up work, and trampled souls, but begin to complain in defense of their helplessness and sorrow: The judicial organs should not act casually and neither should the innocent feel helpless.

However, it is very hard to attain this at the moment. There are many reasons for this, but the most important one is the lack of a compensation system for miscarriages of justice.

A compensation system for miscarriages of justice refers to a system of the state giving economic compensation for the infringement of a citizen's legitimate rights and interests as a result of wrong detention or sentencing by a state judiciary organ in exercising its penalty right. With regard to a miscarriage of justice, regardless of whether or not a judicial organ is at fault, as long as there is a practical consequence of wrong detention or sentencing, the state must compensate for the losses of a victim, and the relevant judicial personnel should also assume corresponding responsibilities if they are subjectively in the wrong. We can thus see that the significance of the compensation system for miscarriages of justice is not only to enable the innocent to get economic compensations but, more importantly, it reflects the impartiality of a state judicial system and the state's respect for and protection of the citizens' legitimate rights and interests. For this reason, many countries have relevant legislation in this respect, such as Germany's "Compensation Law for Miscarriages of Justice," Austria's "Detention Compensation Law" and "Law on Not Guilty at Retrial," and Japan's "Criminal Compensation Law."

China still does not have special legislation on compensating for a miscarriage of justice. This has something to do with the fact that China has been profoundly subjected to the influence of the feudal autocratic history for over 2,000 years. It also has something to do with the obstruction of leftist ideology over the years. There are provisions in principle in the current "Constitution" and "The General Principles of the Civil Code." However, because they have not developed into a specific system and because no special laws have been enacted, they can hardly be applied in judicial practice. This has affected the protection of the citizens' legitimate rights and interests.

At present, with the constant in-depth development of reform and opening up, the building of socialist democracy and legal system are also being stepped up. The "State Compensation Law" is reportedly being drafted. The law will stipulate that the state should undertake responsibilities when its working personnel, by violations of the law, cause losses to citizens, legal persons, or other organizations. As an important component part of the state compensation system, the compensation system for miscarriages of justice will make clear-cut, detailed provisions in the "State Compensation Law." The establishment of the compensation system for miscarriages of justice is not only the hope of the people but also urgently needed for social progress, economic development, and the building of democracy and a legal system. To be specific, there are the following aspects:

First, viewed from an objective aspect, as a crime is a complicated social phenomenon, the process in which a judicial organ deals with a case is a complicated one and it is inevitable that there will be mistakes in determining a fact and applying a law. Especially in the current "transition period" of replacing the old with the new structure, for a while it is difficult to distinguish between crimes and non-crimes in the economic field, and this has brought difficulties to judicial work. In a sense, a miscarriage of justice is inevitable. This is a practical basis for the establishment of a compensation system for miscarriages of justice.

Second, our principal method for handling unjust, frame-up, and wrong cases in the past was to rehabilitate the victims politically, tell the original work units of in-service staff to pay wages retroactively, or to issue symbolic subsidies to nonservice staff. This was undoubtedly an act of shifting off the responsibility which should have been undertaken by a judicial organ to innocent units and individuals, and was obviously unfair. It is even unworkable under the market economic condition.

Third, the institution of a compensation system for miscarriages of justice brings into the legal system the damages caused by the right-infringement conduct of a judicial organ and combines the quality of handling cases with the responsibility of those handling them. This will help those responsible for handling cases overcome bureaucratism and rectify such unhealthy practices as handling cases in somebody's favor, foster a good professional ethic and a good law-enforcement concept, and make fewer or no mistakes.

Fourth, the two major objectives of China's criminal suit activities are to crack down on crimes and ensure that the innocent are not subjected to illegal investigation and both are equally important. Therefore, if the innocent are hurt as a result of cracking down on crimes, efforts should be made to make amends. To this end, a compensation system for miscarriages of justice is indispensable. It is also an inherent requirement for strengthening socialist democracy.

Security Minister Discusses Criminal Syndicates

HK1703034293 Hong Kong SOUTH CHINA
MORNING POST in English 17 Mar 93 p 10

[By Chris Yeung in Beijing]

[Text] China's police chief, Mr Tao Siju, admitted that organized crime syndicates remained active in some areas of China.

Despite a massive crackdown on crime, the Public Secretary Minister said some gangs had been engaged in crimes such as stealing weapons.

"They are highly mobilized and frequently move their bases from one place to another. This causes great difficulty in eradicating them," he said. Mr Tao is an observer at the current National People's Congress.

Premier Mr Li Peng said in his government work report that the problem of law and order in some places had been "extremely serious".

Mr Tao noted that the looting of weapons had been serious in some counties in Guangdong. He did not name the counties.

"The problem has also occurred in Guangzhou. But there has been a swift crackdown," he said.

The minister said the flow of weapons via borders with neighbouring countries remained a major concern to China.

Mr Tao said the problem could only be solved with international cooperation.

"The problem of weapons left over after war existed in many places, such as the Middle East. International effort is necessary if it is to be solved fundamentally."

On joint efforts with Hong Kong to fight crime, Mr Tao said that cooperation would in no way be affected, even though London and Beijing were locked in a political dispute over Hong Kong's democratic development.

"The question of law and order hinges on the life and property of Hong Kong compatriots. We will still have cooperation, no matter how bad our relations are," he said.

Railways Adopt Measures Against Train Bandits

OW1503153293 Beijing XINHUA Domestic Service in
Chinese 0857 GMT 11 Mar 93

[By reporter Jia Fenyong (6328 1164 0516) and trainee reporter Lu Weijiang (4151 4850 3068)]

[Text] Beijing, 11 Mar (XINHUA)—Recently, railway public security, procuratorates, and judicial departments adopted various measures to crack down on robberies, thefts, and other crimes on passenger vehicles, and checked the rising amount of criminal activities in passenger vehicles following spring transportation.

Various railway bureaus organized specific drives according to actual situations. Beginning 16 February, the Zhengzhou Railway Bureau launched a struggle called "Operation Spring Thunder" involving a large police force, and within 10 days, it booked 33 criminal cases, 73 theft cases, arrested 450 criminals, tracked down 62 criminal bands, and recovered stolen property and money worth more than 190,000 yuan. At the same time, Shanghai Railway Bureau booked nine criminal cases, nabbed 46 criminals of various categories of crimes, and smashed eight criminal gangs. Ningxia Hui Autonomous Region took both stopgap and radical measures to prevent and strike at crimes, and as a result, during the entire spring transportation period, no incidents were reported along the main railway lines in the whole region.

Meanwhile, the railway system launched a comprehensive security drive by taking various measures, including joint defense for passengers, installing alarm systems, and implementing a system that strengthens the police force to ensure the safety of train passengers. Since the beginning of the year, a total of over 50,000 joint defense personnel has been employed, 40 sets of trains under eight railway bureaus have installed telephones or alarm systems, and more than 100 sets of trains have been equipped with speakerphones. All this setup has played an effective role in dealing with the sudden outbreak of incidents. To deal with the situation of rampant criminal activities, such as robberies and thefts on some passenger trains along some railway sections, railway public security organs have introduced a system of providing additional police force, whose number has been increased from originally two to three to currently eight to 10. At the time when the flow of passengers had reached a record high during spring transportation, railway public security in Chengdu city deployed an additional 200 personnel to reinforce the trains, thereby basically ensuring safety on trains. Presently, major passenger trains along the entire railway line generally practice the system of providing additional police force, thus improving peace and order in passenger trains to a considerable extent, with a greater sense of safety for passengers.

Secretariat Member on Train, Highway Robbery

OW1603015793 Beijing XINHUA Domestic Service in Chinese 0454 GMT 12 Mar 93

[By XINHUA reporter Jia Fenyong (6328 1164 0516) and RENMIN RIBAO reporter Mao Lei (3029 4320)]

[Text] Beijing, 12 Mar (XINHUA)—In a telephone conference held today, the Central Committee for Comprehensive Control of Public Offenses exhorted people nationwide to round up and annihilate [wei jian 0953 3005] train and highway robbers. Ren Jianxin, member of the CPC Central Committee Secretariat, spoke at the conference.

Ren Jianxin said: In recent years, under the guidance of party committees and governments at all levels, public security, railway, and communications departments have achieved noticeable success in their sustained efforts to crack down on robberies committed on trains and highways. While order along parts of most railways and highways is satisfactory, robberies are still rampant on certain railway and highway sections. These crimes have seriously endangered people's lives and property as well the nation's reform, opening up, and modernization endeavors. The Central Committee for Comprehensive Control of Public Offenses maintains that train and highway robberies constitute an outstanding public offense; and it is imperative to launch a special, nationwide struggle to round up and annihilate train and highway robberies over a period of one year, starting now, so as to deal crushing blows on train and highway robbers.

Ren Jianxin pointed out: To achieve this objective, relevant regions and departments must strive to do a good job in several areas. First, principal local party and government leaders must truly shoulder the political responsibility of ensuring safety in their respective areas. Party committees and governments at all levels must regard the rounding up and annihilation of train and highway robbers as an important assignment of implementing the guidelines laid down by the 14th party congress, consolidating the central role of economic construction, and ensuring social and political stability. Thus, they must earnestly work out plans, intensify organizational leadership, and make genuine efforts to enforce these plans. Second, they must set aside time in which they can concentrate their efforts on dealing with the most problematic areas in every way possible. Since the situations in areas with rampant train and highway robberies are often complicated, principal party and government leaders must take command themselves, relevant departments there must render the necessary support, and the special task forces must work with the masses there to quell the disorder. Third, propaganda departments must intensify their efforts to mobilize the people in order to create a powerful momentum of rounding up and annihilating train and highway robbers. To achieve anticipated results, we must have the masses' support and participation, and the media must also launch a powerful offensive. In conjunction with the progress achieved in the operations, all regions must hold verdict-pronouncing rallies at appropriate times in a big way, and punish the train and highway robbers harshly. Meanwhile, we must call on criminals of all descriptions to turn themselves in so that their cases will be handled leniently. We must establish the necessary mechanisms for safeguarding public safety and intensify the work of educating people on the law so that the masses will not have to worry about the outcome of fighting crimes; and so that the masses will become more aware of the need to be on guard individually and collectively.

Finally, Ren Jianxin said that, the struggle of rounding up and annihilating the train and highway robbers

should not just scratch the surface. Instead of doing things in a showy manner, we should work in a down-to-earth and meticulous way. When the project has been accomplished, effective follow-up measures for guarding against the recurrence of crimes should be formulated.

Public Security Vice Minister Bai Jingfu, Railways Vice Minister Shi Xiyu, and Communications Minister Huang Zhendong also spoke at the telephone conference. Other leaders at the conference included Wang Fang, Tao Siju, Zhang Siqing, Su Huaide, Lin Zhun, Song Defu, Yang Yanyin, Wang Shengjun, and Ba Zhongtan.

Official Interviewed on Prison Transformation

HK1603023093 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 9, 1 Mar pp 9-11

[Article by Chen Maodi (7115 3029 1717), Yan Weimin (0917 5898 3046), and Mao Jianping (3029 1017 1627): "A True Record—An Interview With Wang Fei, Director of the Shanghai Municipal Reform-Through-Labor Bureau"]

[Text] The Shanghai Reform-Through-Labor Bureau compiled and published a book entitled *Human Rights Records in Shanghai Prisons* in September last year. This is the first book on the Chinese mainland which examines the work of transforming criminals in the concept of human rights and in the spirit of humanitarianism and which combines rational explanations with true records. For this reason, these reporters interviewed Wang Fei, author of the book and director of the Shanghai Municipal Reform-Through-Labor Bureau.

"This is a true record and the witness of history!" Wang Fei commented on the book. The 63-year-old Wang Fei has experienced 40-some years of transforming prisoners.

A Consistent Humanitarian Principle

From a cadre who subjected juvenile criminals to discipline in a juvenile correctional center, Director Wang Fei became a person in charge of transforming criminals in Shanghai. With his own experience and based on what he has heard and seen, Director Wang Fei pointed out that the Chinese mainland has consistently persisted in a humanitarian principle in transforming criminals over the last 10-odd years, and that this principle is developing.

He said: After the people's government took over prisons upon Shanghai's liberation in 1949, it immediately abolished the old, inhumane prison system of beating, abusing, and torturing criminals and explicitly proposed the policy of educating and transforming criminals. Director Wang recalled: Sanitation conditions were very bad in prisons at that time. Bedbugs and lice were rampant. Prison management departments conducted a special campaign to eliminate lice. Prisons held recreational evening parties for prisoners on these three occasions: The big celebration of the founding of the

PRC, the Mid-Autumn Festival, and the New Year of 1950. These were unprecedented events. In addition, complaint boxes were provided for criminals to lodge complaints, and "eight prohibitions" were set for cadres in charge of transforming criminals. The PRC Regulations on Reform Through Labor and other ordinances adopted in 1954 laid down the principle of humanitarianism in a legal form for the work of transforming criminals in China.

Wang Fei pointed out: The period after the Third Plenary Session of the 11th CPC Central Committee was a golden period for Shanghai's work concerning reform through labor and was also a period of safeguarding the principle of humanitarianism more comprehensively and more extensively. For example, apart from food being up to state standards, attention was also paid to nutrition and practicality.

"Chinese prisons are more like schools than cells, only those educated are special students. When meting out punishments, we also try to educate, redeem, and transform criminals by various means so that they can adapt themselves to society and become useful to society." Wang Fei added: Viewed from Shanghai's practice of transforming criminals, China has made great successes in implementing its policy of transforming criminals and reducing crimes, with an annual decrease in the rate of crimes recommitment. A survey on criminals released in the last six years after completing their prison terms in Shanghai suggests that the percentage of criminals recommitting crimes in three years after release has dropped from 18.5 percent to the present 4.4 percent. Many ex-prisoners have now become technicians and skilled workers in enterprises and some of them have become factory directors or managers. After his release from the Shanghai No. 3 Reform-Through-Labor Corps, a criminal applied his cultural knowledge he had obtained through self-study while in prison to production and he made achievements in this regard. Now he has become a factory director in Shanghai's Pudong.

Redeeming Talented People, Fostering Talented People

Wang Fei told the reporters this story: A secondary school student received a university enrollment notice and an arrest warrant at the same time upon graduation. After he was imprisoned, the cadre in charge sent him to a spare-time university so as not to waste what he had learned. In his prison term, he went to university three times a week during the day and returned to prison at night. Three years later, he was given a diploma as a machine-building professional. After his release upon completion of his prison term, a big factory employed him as a technician.

Wang Fei said: "There are many such examples in Shanghai's reform-through-labor units. There are many talented people among the prisoners. They are the wealth of society. In the course of transforming them, we do our best to create conditions so that they will not abandon their knowledge and talents and will instead improve

them. This is redeeming and fostering talented people. Simply punishing them could destroy their talents."

Director Wang Fei related that criminals' scientific and technological organizations have generally been set up in Shanghai's reform-through-labor units. Criminals at middle-level positions are organized for special education to carry out research in special subjects and provide scientific and technological information. This helps consolidate and display their talents and knowledge. The Science and Technology Association of the No. 1 Reform-Through-Labor Branch and the translation office of the municipal prison have been formed according to this idea. A criminal surnamed Hu was assigned to work in the translation office because he knew some English. While transforming himself, he improved his English and studied Japanese and French to enrich his knowledge. He said: "Serving a five-year prison term is better than 10 years' schooling!"

"The purpose of China's reform-through-labor is not simply punishing some people but is turning the decadent into miracles by means of labor, education, and encouragement, turning people harmful to society into people who can contribute to society. This is beneficial to the state, to society, and to the family members of the criminals themselves. This the principle of humanitarianism I comprehend."

Director Wang Fei said: Reading books is a criminals' right. A good book is a good teacher. Now reform-through-labor units in Shanghai generally carry out reading activities and there are more than 840 criminals' reading groups. Seventy percent of criminals are interested in book reading. Generally speaking, there are libraries (reading rooms) in reform-through-labor units, equipped with 140,000 copies of books. In the municipal prison, there is a unique reading group on psychology in which some 40 criminals learn psychology through self-study, carry out introspections, and analyze their own criminal mentality. A criminal wrote an article "Why I Killed Her—A Confession of Criminal Mentality," which relates the psychological process from failure in a love affair, jealousy, the emergence of an intention to kill, and repentance.

Wang Fei said: The purpose of giving cultural education to criminals is mainly to improve their initiative in transforming themselves and their ability to distinguish between right and wrong. Reform-through-labor units in Shanghai have provided regular cultural education to criminals since 1983. So far more than 2,000 people have obtained junior and senior middle school diplomas, 33 people have obtained college diplomas, and more than 20,000 people have obtained certificates certifying completion of courses on single subjects.

Special Treatment for "Special Criminals"

The Shanghai municipal prison also detains a number of ethnic and foreign criminals. Director Wang Fei said that the special treatment provided for them portrays the

humanitarian spirit and tremendous influence of China's reform-through-labor policy.

Ethnic criminals account for 1 percent of the total number of criminals. Their food and religious habits are specially respected in prison. As learned, the prison announced a regulation at the end of 1989 clarifying the implementation of "six special treatments" among Islamic criminals: A special kitchen range, special cooking utensils, special cooks, a special store to shop for their food, special transportation, and a special cold storage cabinet. These criminals are allowed to celebrate their ethnic festival—the Fast-Breaking Festival—during their prison terms. On each Zang Nationality New Year, the kitchen provided extra food for the only criminal of the Zang nationality according to the Zang habits. Some ethnic criminals once wrote a letter to the Shanghai Municipal Nationality Affairs Commission praising the municipal prison for its good example of implementing the minority nationality policy.

Director Wang Fei continued: On the management and transformation of foreign criminals, we also treat them equally without discrimination, exercise strict, scientific, and civilized management, respect their languages and cultures, take account of their life habits, and give expression to the human rights principle of China's reform-through-labor policy. He cited this example: After a foreign criminal is imprisoned, each is provided with a copy of the translated version of "Reform-Through-Labor Regulations" and then they are organized to study it. A Chinese criminal can have longevity noodles on his birthday, whereas a foreign criminal can have a birthday cake. One day a foreign criminal's father came to Shanghai to visit him. This day happened to be his son's birthday, so father and son enjoyed a birthday cake together. This criminal's father said: "I can now rest assured after seeing this."

Because China's reform-through-labor policy has a uniquely influential and educational nature and shows respect for criminals' personalities, it has inspired many foreign criminals serving their prison terms in China. A British criminal wrote this poem in praise of the policy: "A warm current breaks through a dike, like dew moisturizing everything on earth, and also moisturizing my dry soul...."

Exploring New Methods To Transform Criminals

Director Wang Fei added: The humanitarian spirit in transforming criminals is not manifest in the treatment of criminals only, but also finds expression in the incessant exploration of methods to transform criminals. He said that Shanghai has also continuously blazed new trails and carried out reform in transforming criminals over the last 10-odd years of reform and opening up. For example, classified transformation, psychological information, and the system of deep breathing exercises were all first explored by Shanghai.

Treating criminals as "patients" is Shanghai's basic idea in transforming criminals. In curing a "patient" with a

purpose in mind, there is a need to refer to medical methods and to perform classified transformation on criminals. Wang Fei said that this is a target to achieve in establishing the work concerning socialist reform through labor with Chinese characteristics.

By classified transformation, Wang Fei meant that the prison exercises different kinds of management over criminals, provides different kinds of education for them, and allows them to engage in different kinds of labor according to their different crimes, different bad habits, different prison terms, and different transformation performances. Take classified labor as an example. Methods of labor are explored for different kinds of criminals so that their transformation can produce better results. The Shanghai No. 3 Reform-Through-Labor Corps arranges embroidery, assembling wristwatch bands, and other jobs requiring patience for several hundred rude and violent criminals. In the last few years these criminals have changed their impetuosity and bad temper very much, and quarrels and fighting have reduced between them. Robbers are required to do farm work and to fulfill certain production targets to correct their bad habit of being lazy and undisciplined.

Director Wang Fei added: According to the different natures of the crimes the criminals committed, reform-through-labor departments in Shanghai have also compiled material on giving ideological and moral education to the criminals. He particularly mentioned an "area under loose management" built for criminals who have recommitting crimes. He said that this is quite a successful experiment.

The experimental team of the Shanghai No. 2 Reform-Through-Labor Corps has built an "area under loose management" and the results are very good. With the exception of criminals with long prison terms, other criminals can enjoy "loose management" such as not being surrounded by high walls or electric wires and not being watched by armed police, and can do low-wage compensatory labor. The Shanghai No. 3 Reform-Through-Labor Corps gave classified transformation to 24 criminals who had recommitting crimes and been regarded as "difficult to transform." After this classified transformation, 100 percent of them changed and 13 of them had their prison terms shortened.

In conclusion, Director Wang Fei told these reporters an interesting thing: Three years ago, in the Shanghai Municipal Prison and the Shanghai reform-through-labor experimental team, a number of criminals began to do deep breathing exercises and other traditional Chinese exercises early in the morning. This unique method is a new way explored and experimented by Shanghai reform-through-labor departments in transforming criminals. So far more than 300 criminals have attained physical and mental improvements through these deep breathing exercises. Director Wang Fei said: "Doing our best and using all means to transform criminals into physically and mentally healthy civilians are our fundamental purpose in abiding by the human

rights principle and humanitarian spirit. *Human Rights Records in Shanghai Prisons* is a true record of our practice and explorations.

Li Tieying Calls on Women To Make Contributions

OW1403195793 Beijing XINHUA Domestic Service in Chinese 1507 GMT 6 Mar 93

[By RENMIN RIBAO reporter He Jiazheng (0149 0502 2973) and Zheng Qingdong (6774 1987 2639)]

[Excerpt] Beijing, 6 Mar (XINHUA)—People from all walks of life in the capital attended a grand rally at the Great Hall of the People here this morning to mark the 83d anniversary of International Women's Day. Hu Jintao, member of the CPC Central Committee Political Bureau Standing Committee; Lei Jieqiong, vice chairman of the National People's Congress Standing Committee; and Qian Zhengying, vice chairman of the National Committee of the Chinese People's Political Consultative Conference, together with 3,500 women's representatives from all walks of life, jovially celebrated the arrival of Women's Day.

On behalf of the CPC Central Committee and the State Council, Li Tieying, member of CPC Central Committee Political Bureau and chairman of China's Organizing Committee of the Fourth World Women's Convention, saluted and extended festive greetings to women of all nationalities working diligently on all fronts. He also extended best wishes to women compatriots in Taiwan, Hong Kong, and Macao, Overseas Chinese women, and women around the world, and he warmly congratulated advanced and exemplary women honored at the meeting.

In his speech, Comrade Li Tieying said: Since China started implementing the policy of reform and opening, the broad ranks of women have further enhanced their sense of being masters of the state. They also have kept forging ahead with great vigor, and they have made outstanding contributions to the development of the two civilizations. Millions of women in the countryside took part in the "literacy, technology, and competition for achievement and contributions" programs. Women in the cities participated in "women making contributions" campaigns. Their efforts have been effective in advancing the development of the economy and other undertakings in both cities and the countryside. Tempered during the course of reform and construction, the broad ranks of women have become more capable, their mental outlook has undergone heartening changes, and skilled women workers have emerged in large numbers. The Chinese women's liberation movement has made great strides during the advance of the modernization drive.

Li Tieying pointed out: Their self-dedication to reform, opening up, and modernization is not merely a historical mission entrusted to women by the times, but it is also needed for the development of the women's liberation

movement itself. Reform, opening up, and modernization represent the fundamental interests of the broad ranks of women and the orientation of the development of the women's liberation movement. In addition to new challenges, reform, opening up, and modernization present a vast arena and an excellent opportunity for women to give good accounts of their wisdom and talents and to fully participate and develop themselves. Li Tieying stressed: The broad ranks of Chinese women must give play to their historical initiative and creativity; plunge themselves into the practice of reform, opening up, and modernization; and make fitting contributions to the establishment of a socialist market economy and to the accomplishment of the various tasks set forth by the 14th CPC National Congress. [passage omitted]

Li Tieying on Educational Issues, Assistance

Speaks at Work Meeting on Tibet

OW1503054493 Beijing XINHUA Domestic Service in Chinese 0800 GMT 9 Mar 93

[By reporters Zhao Wei (6392 5898) and Yin Hongzhu (1438 7703 4376)]

[Text] Beijing, 9 Mar (XINHUA)—Speaking at a work meeting today on providing assistance to education in Tibet, State Councillor Li Tieying, member of the CPC Central Committee Political Bureau and minister of the State Education Commission, pointed out: Having inland provinces and regions support Tibet's educational programs and Tibetan classes (schools) has been an important policy decision of the party Central Committee and the State Council. The measures have been very effective in supporting Tibet's modernization drive. Therefore, it is necessary to persistently provide assistance to education in Tibet for a long period, strive to improve and gradually expand the work in this regard, and raise such efforts to a higher level through reform.

Entrusted by the State Council, the State Education Commission held the meeting. On behalf of the party Central Committee and the State Council, Li Tieying extended greetings and gratitude in his speech to cadres and people of various nationalities and the broad ranks of teachers and educational workers who have been waging hard struggles and have been diligently working to develop education in Tibet over the years.

Li Tieying said: The party Central Committee and the State Council have been very concerned and have been paying attention to education in Tibet. They have taken a series of various measures to provide assistance to education in Tibet. The Tibet Autonomous Regional Party Committee and Government have also made great efforts in this regard. At present, Tibet's educational programs have registered tremendous changes. Modern school educational programs have been developed from nothing, and from a small scale to a large scale. Tibet has basically established an educational system—with

Tibet's regional characteristics and nationalities features—including children's education, primary and secondary education, secondary professional and technical education, higher education, adult education, and electronic education. Such an educational system has laid the foundation for further enhancing Tibet's economic and social progress. He pointed out: Because of historical reasons and Tibet's natural conditions, the basis of Tibet's educational foundation is still very weak. There is still a large gap between educational standards in Tibet and in the inland provinces and regions. It is necessary to take effective measures to accelerate reform and progress.

Li Tieying proposed several measures on providing assistance to education in Tibet in the future as follows: 1) We should implement a system characterized by fixed projects run by relevant corresponding departments with contract responsibility. For 1993, the State Planning Commission, the Finance Ministry, and the State Education Commission have decided to allocate 41 million yuan for further supporting and developing education in Tibet. Various provinces, municipalities, and autonomous regions should also continually provide their financial, material, and other kinds of support. Localities and units—committed to providing assistance to education in Tibet—should form protracted and coordinated relations with their corresponding departments or units in Tibet's relevant aid-receiving prefectures and cities so as to cultivate Tibetan students under certain fixed programs. 2) It is necessary to continually and properly operate Tibetan classes (schools) in the inland provinces and regions. Various localities should strive to improve their educational institutions' operational conditions, establish more educational centers, and continually raise their educational standards. We should gradually integrate Tibetan and Han students in the same schools and classes and encourage students of various nationalities to make more friends, learn from one another, and progress together. 3) The work on providing assistance to education in Tibet should proceed from Tibet's reality and should cultivate professionals and personnel who will fulfill the requirements for economic and social development in the local areas. 4) It is necessary to strengthen the administration and coordination of the work on providing assistance to education in Tibet. The State Education Commission should appropriately provide macroeconomic guidance, pay attention to policy research, and formulate the relevant rules and regulations. Relevant education commissions in various provinces, municipalities, and autonomous regions should assign responsible comrades to be in charge of the work in this regard. Relevant departments, commissions, and bureaus under the State Council should also designate people to be in charge of such work.

Wang Mingda, vice minister of the State Education Commission; and Laba Pingcuo, vice chairman of the Tibet Autonomous Regional Government, spoke at the opening ceremony on further improving assistance to education in Tibet and on tentative plans to enhance Tibet's education work.

Also attending were Xu Zhijian, deputy secretary general of the State Council; Raidi, chairman of the Tibet Autonomous Regional People's Congress Standing Committee; Gyaincain Norbu, chairman of the Tibet Autonomous Regional Government; Li Dezhu, deputy director of the CPC Central Committee United Front Work Department; Jiang Jiafu, vice minister of the State Nationalities Affairs Commission; and responsible comrades of relevant departments and commissions from some provinces, municipalities, autonomous regions, and the State Council.

Attends Hebei Forum

SK1403052893 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 13 Mar 93

[Text] After ending his inspections in Hebei's 11 vocational and technical educational centers, Li Tieying, member of the political bureau of the CPC Central Committee, state councillor, and chairman of the state education commission, especially attended the provincial forum on development of vocational and technical education that was held in Shijiazhuang on the morning of 13 March. At the forum, he made a speech on the system to run vocational and technical schools and on reforming the inner-school management mechanism.

Comrade Li Tieying said in his speech: A new situation in developing education and reforming the educational system has emerged in Hebei. The setup of the 11 vocational and technical educational centers indicates that Hebei has pioneered new ways for developing vocational and technical education. He said: Vocational and technical education is (directly related to the economic construction) as well as the cradle of industrialization and production socialization. Thus, speeding up reform and developing vocational and technical education is a need to speed up modernization and develop the socialist market economy. To run vocational and technical schools, we should mobilize all departments and enterprises and the personages of all social circles; bring into full play the functions of teachers, schoolhouses, teaching facilities, and [words indistinct]; adopt various forms, such as two part-time shifts and Sunday schools, to expand the school-running capacity; reform, according to the production and construction situation and the demands of the market economy, the educational system, the teaching system, the consideration of education, and the teaching methods; set up new systems and operational mechanisms; and vigorously develop school-run enterprises to ensure that there are both skilled persons and products and to gradually boost self-development. We should extensively offer social service, organize forces to help the people seek wealth by applying technology, and ensure that the people will gain benefits from their input as soon as possible. Vocational and technical schools should carry out enterprise management method and [words indistinct].

Li Tieying urged that the governments at various levels should make a unified plan and that the departments for

professional work should cooperate with one another and provide financial resources and policies to support the development of vocational and technical education.

Cheng Weigao, secretary of the provincial party committee and governor of the provincial government, chaired the forum. He also made a speech at the forum.

In his speech, he urged that the province should ceaselessly deepen the reform of vocational and technical education system, ceaselessly widen the ways for educational development, and continue to improve the educational quality. The vocational and technical educational center should ceaselessly boost self-development and self-improvement in the course of reform, gradually develop themselves into enterprise associations, and become the highest-level schools to cultivate primary- and secondary-level skilled persons, even senior skilled persons.

Minister Stresses Accessibility of Broadcasts

HK1603143193 Xian Shaanxi People's Radio Network in Mandarin 0010 GMT 12 Mar 93

[Text] Ai Zhisheng, minister of radio, film, and television, pointed out during an inspection of Yanan: At present, in our radio and television work, we must, first of all, solve the problem of enabling the masses to listen to radio broadcasting and watch television. Our work focus must be shifted to those places where both radio broadcasting and television services are still unavailable.

Accompanied by (Tong Xiangrong), director of the provincial radio and television department; (Wang Jin), deputy director of the department; and leading comrades from the Yanan Prefectural CPC Committee and Administrative Office, Ai Zhisheng inspected the old site of a radio broadcasting station located in a stone cave on a hillside in (Wangti Wan) of Ansai County—the birthplace of broadcasting in new China. He also inspected Yanan People's Broadcasting Station; Yanan Television Station; and the studio, broadcasting room, workshop, and transmitters of the Huanglong County Radio and Television Station. He widely contacted and talked with working personnel of these units.

He also made a special trip to (Wanhua) Shan Mountain Villa in Yanan to meet with all comrades who were attending a provincial meeting for selecting through public appraisal outstanding radio programs for 1992. He discussed issues of broadcasting, propaganda, and other issues with Comrade (Ji Shi), director of Shaanxi People's Broadcasting Station who chaired the meeting, and other people.

After listening to reports by leaders from Yanan prefecture, Ai Zhisheng stressed: We must, first of all, find a way to enable more people to listen to radio broadcasting and watch television. As far as our present broadcasting work is concerned, we must place our emphasis on consolidating the existing broadcast to rural areas. After that, we can actively develop frequency modulation

broadcasting. We must gradually replace wired broadcast with frequency modulation broadcast. In particular, in a place like Yanan [words indistinct], promoting frequency modulation broadcast will work well. Television undertaking must take the road of setting up more ground satellite receiving stations. We must arouse the enthusiasm of the masses by raising funds from the society, or letting people set up those receiving stations through their own efforts.

Ai Zhisheng added: First, we must strengthen our propaganda for agriculture. Second, we must whip up public opinions aimed at ensuring the stability of the society. Third, we must pay attention to giving wide publicity to our efforts to simultaneously grasp both material and spiritual civilizations. Fourth, we must carry forward the Yanan spirit of struggling hard.

RENMIN RIBAO Media Tour on South China

OW1303120793 Beijing XINHUA Domestic Service in Chinese 0956 GMT 10 Mar 93

[By reporter Zhu Weixin (2612 4850 2450)]

[Text] Beijing, 10 Mar (XINHUA)—A press group, formed by reporters from eight press units under the central authorities, left Beijing this morning, to begin its 15,000-km reporting trip to gather news in South China.

Lei Jieqiong, vice chairwoman of the National People's Congress Standing Committee; Hong Xuezhi, vice chairmen of the Chinese People's Political Consultative Conference; revolutionary veterans Yang Bicheng, Huang Hua; and leaders of departments concerned went in person to see the group off today.

After a departing ceremony, the members of the group, in six Beijing Cherokee limousines, first circled around Tiananmen Square and then left for the south.

The trip, jointly sponsored by the Overseas Edition of RENMIN RIBAO and the Beijing Jeep Company Limited, is being participated in by reporters from the XINHUA NEWS AGENCY, the Central Television Station, the Central People's Broadcasting Station, JINGJI RIBAO [ECONOMIC DAILY], the CHINA DAILY, GONGREN RIBAO [WORKERS DAILY], and ZHONGGUO QINGNIAN BAO [CHINA YOUTH NEWS]. On their 40-day trip, the reporters will visit Wuhan, Nanchang, Guangzhou, Zhuhai, Shenzhen, Xiamen, Fuzhou, Wenzhou, Hangzhou, Shanghai, and other places to gather news.

Economic & Agricultural

GATT Impact on Electronics Industry Cited

HK1603124193 Beijing LIAOWANG in Chinese No 9, 1 Mar 93 pp 18-19

[Article by Yang Hua (2799 2901): "Impacts of GATT on Electronics Industry and Countermeasures"]

[Text] The restoration of China's signatory status in GATT will exert a significant direct impact on the development of the burgeoning leading industry—the electronics industry.

The international competitive power of China's electronics industry is notably weak, but its connections with the international market are closer and closer.

China's electronics industry developed on the basis of combining self-reliance with import of technology, with the output of some of its products standing among the highest in the world. Over the past decade, the electronics industry has imported more than 2,000 items of technology and equipment from abroad, thereby enabling the electronics industry's overall technological level to reach the level of foreign countries in the early eighties. The electronics industry's total output value in 1991 reached 88.627 billion yuan, an approximately seven-fold increase over 1980, and its proportion in the country's gross industrial and agricultural output value rose to 3 percent from 1.4 percent in 1980. The output of major products doubled and redoubled. Compared with 1979, the output of black-and-white TV sets increased nearly 10 times, ranking first in the world; that of color TV sets increased as much as 1,000 times, holding the world's fifth place; and that of tape recorders increased 130-odd times, enabling China to become a country with a relatively large volume of output and export of this product in the world. It can be stated that China's electronics industry traversed a distance in 10 years which some countries took 20 to 30 years to traverse. As a result, China effected the first leap forward in the electronics industry.

In the area of scientific research, the electronics industry has completed nearly 10,000 projects in the tackling of scientific and technological problems and the development of new products since reform and opening up. Of these, some achievements in electronic equipments, such as scientific experimental satellites, communications satellites, carrier rockets, positive and negative electronic colliders, as well as quality and reliable electronic products required by the state's complete system of sophisticated projects, have approached or reached the advanced international level. The quality of fine and famous products of the complete sets of television, computer, electronic instruments, and so on has reached or approached the international level of similar products. Taken as a whole, however, China's electronics industrial technology is still at the level of the developed countries in the mid-seventies. For example, the technology of fragment component and surface package has developed into the principal forms of electronic component and packing technology in the world. In 1990, the market share of surface package components in the world was nearly 40 percent, but the proportion of fragment components in China was only 2.7 percent in 1989. Again, in respect of an integrated circuit which represents the core of microcomputer technology, there is a gap of three development stages between China and the world; that is, China lags behind the world by

approximately 15 years. At present, there is an increasingly obvious tendency toward faster development in the electronics industry in the world. The fourth generation of computers with large-scale integrated circuit, the fifth generation of computers with artificial intelligence, high-clarity color TV sets, digital laser phonographs, digital recorders, intelligent electronic toys, and so on, are a complete generation of new products, and the proportion of electronics technology in the national economic growth factors keeps on rising. Hence, for a similar gap of 10 to 15 years, the technology contents in the gap has increased, and the difficulty in shortening the distance and catching up with the world level is relatively great.

The electronics industry gradually opens to the outside world, and the development of the entire trade has been closely connected with the technology trend of foreign countries and the changes in the international market.

In recent years, considerable development was attained in the electronics industry in foreign trade and cooperation as well as economic and technological exchange. According to customs statistics, the export volume of electronic products throughout the country in 1991 registered \$4.899 billion. Meanwhile, China imported several billions worth of electronic products and several hundred millions worth of electronic technology from foreign countries. At present, although the degree of openness in the electronics industry has exceeded 35 percent, it is still slightly lower than the average national economic level, which is 37.9 percent. This is far from matching the sharp distinguishing feature of internationalization of the electronics industry. Moreover, the electronic products exported by China are mostly low grade and low value-added ones. This fact shows that on one hand, in the face of the international market of electronic products, the comprehensive competitive power of China's electronic products in the world economy is still rather weak, and on the other, owing to the mutual infiltration of electronics technology, the mutual supplement of the complete system of industrial production, the standardized and generalized international trend, and the complicated and interlocked domestic and international markets, China cannot close its doors to become an "outsider."

After "reentering GATT," in what aspects will China's electronics industry be affected? And to what extent will those impacts be? Today, it is universally believed that the reduction of import protection and the further domestic market access to foreign countries will undoubtedly bring about an immeasurable positive effect and intense impact on the development of the industry as a whole.

The basic characteristic of China's electronics industrial development strategy is to take the planned economy and domestic market as a foundation. Since reform and opening up, although certain achievements have been scored in the import of technology, utilization of foreign capital, and participation in division of labor in the international economy, yet China has not fundamentally

broken away the shackles of traditional ideology; in particular, the change of concept is far from being completed.

The "reentry into GATT" is a significant opportunity to open the door of the electronics industry wider to the outside world and to accelerate the internationalization of China's electronics industry.

The limited domestic capital seriously restricted the development of some key technology and trades in China's electronics industry. However, the idle fund in the world money market is as much as \$500 billion. But the foreign capital absorbed by China each year is only about 1 percent of it, and the direct foreign investment amount that China absorbs only accounts for about 4 percent of the total foreign investment amount absorbed by the developing countries, holding last place among the developing countries. As GATT provides the rules of cooperation characterized by learning from others' strong points to make up one's own deficiencies and bringing benefits to each other, China's electronics industry will be able to stride into a vast area of cooperation, and make full use of the resources and technology in the international market to expedite its self-development after reentering GATT.

The restoration of China's GATT signatory status will enable China's current unstable bilateral trade agreements signed with the majority of GATT member countries to expand and develop into a relatively stable multilateral most-favored-nation (MFN) status, and thereby improve China's foreign trade environment. Take the issue of MFN treatment in the economic and trade relations between China and the United States as an example; theoretically, the United States has to grant a long-term, unconditional MFN treatment to China. Second [as published], it is conducive to acquiring a comparatively fair treatment in the export of China's electronic products into the international market so as to obtain more export opportunities, prevent importing countries from using their own laws to unilaterally impose unfair and arbitrary sanctions on China, and resist some unreasonable practices of antidumping and antisubsidy.

The "reentry into GATT" will also considerably intensify the sense of urgency in the electronics industrial structural readjustment, and form a tremendous pressure and motive force from outside for expediting the stock flow [cun liang liu dong 1317 6852 3177 0520] and industrial reorganization.

After "reentering GATT," the domestic market will be integrated with the international market, and the competition mechanism will vigorously push forward stock readjustment, thereby bringing about the anticipated effect of optimizing structure.

After "reentering GATT," the domestic market will deliberately open to the outside world, which is conducive to checking the blind development of some electronic products in great demand. At present, various

localities vie with each other for developing high-price, good-profit products, giving rise to the continuous and increasingly serious phenomena of repeated importation and redundant construction and production. A World Bank survey on several of China's largest production enterprises concluded that the costs of China's color TV enterprises are 70-80 percent higher than similar factories in the world, and among the 76 color television factories in China, there are only 10 factories or so boasting a productive capacity of 300,000-400,000 sets. Today, under the condition that the domestic market is under protection, this "workshop style" economic pattern of the electronics industry can still go on with some difficulties. Once China "reenters GATT," it will certainly meet with an onslaught, but this will contribute to checking the haphazard investment and redundant distribution for producing popular electronic products.

After "reentering GATT," the domestic electronics market will be gradually linked with the international market, which is conducive to the structural readjustment of the entire industry according to the principle of "two markets and two kinds of resources."

Judging from the present electronics industrial structure, the new high-tech products, which need to be urgently developed, have not so far formed into a trade with relatively strong competitive power for the lack of sufficient investment intensity, and the phenomenon of industries tending to become the same [qu tong hua] is more and more conspicuous as reflected by the consumer goods development. The main reason for this is that as the industrial readjustment is conducted under the condition of exercising a high degree of protection for the domestic market, localities and enterprises are unable to define their key points for development according to the complete realistic market—the international and domestic markets. After "reentering GATT," favorable conditions will objectively be created for various localities and enterprises to readjust structures according to the demands of the international and domestic markets.

After "reentering GATT," China's electronics industry will be further connected with the international economy and technology, which is conducive to importing advanced foreign technology and accelerating the transformation of traditional industries.

At present, people feel that after removing the protective screen for the domestic market, the development of China's electronics industry will certainly stand up to an extremely rigorous test. However, there are different views regarding how great a threat will be posed on China's national electronics industry by the import of foreign electronic products.

Some hold the view that once the control on domestic market is lifted, it will be difficult for China to satisfy the international demands for high level and high grade electronic products in terms of quality, varieties, specifications, prices, and so on. Then, it is absolutely possible that a grim situation of excessive import of high

technology-intensive electronic products will emerge, which will adversely affect the domestic market of electronic products.

Others hold the view that the basic precondition of whether a country's domestic market can open to the outside unconditionally and a large quantity of foreign products can be allowed to pour in lies in its ability to maintain an equilibrium of balance of international payments. In other words, if a country's export industry is weak and its ability to earn foreign exchange is poor so that it lacks sufficient capacity to effect payments in foreign exchange, then even though it opens its doors to the outside, it is in no position to import more foreign products, due to its shortage of foreign exchange. That is, if we do not possess the actual strength of exporting in large volume, even though we open our market, the possibility of substantially importing foreign electronic products is quite limited due to the lack of foreign exchange.

The above two views have in fact analyzed the possible impacts on China's electronic products after "reentering GATT" from different angles. They both merit our serious attention.

It is anticipated that the state will further reduce import licenses to one-third of the existing total in two to three years, in which electronic products will be involved. At the same time, the state will gradually abolish by groups products by quotas and controlled catalogues of import products as well as products of infant industries in three years, in which about 30-some kinds of electronic products will be directly involved. These major steps will weaken the current extent of the state's intervention and protection in restricting the import of electronic products. Judging from the general tendency, in the future, except for a handful of import of the infant industrial electronic products which may be subject to some special examination, an import and tariff quota system with higher degree of transparency will be practiced for some products for which requirement of licenses will be abolished, and an import pattern featured by inviting tenders for purchases and market competition will be adopted for most electronic products. In this way, the five major trades comprising basic electronics, radar, electronic computer, communications navigation, and radio and television, will almost all be affected in varying degrees. In particular, some new high-tech products whose development in China started quite late, including computers, videocameras, color television sets and tubes, radio and television equipment, communications equipment, and others will be even more vigorously affected. Electronics enterprises that produce such commodities will have to face direct competition with imported products.

After "reentering GATT," the developed countries will possibly levy charges under various descriptions on the export of China's electronic products for using patents of theirs, or prohibit China to use their patents or property rights, so that China's electronic products will increase costs in intellectual protection and lose their advantage

in price competition. With regard to some technology-intensive and higher grade electronic products, as quite a few involve the issues of intellectual property rights such as protection of patents, trademarks, and so on, patent holders are entitled, according to international customary practices, to prohibit the entry into their countries those products for which they have obtained patent protection and have not given their permission to enter their countries, thereby forcing China to withdraw certain electronic products from the markets it originally occupied. This is another prominent problem that the export of China's electronic products will face after "reentering GATT," which is worth paying sufficient attention to.

Therefore, to ensure a faster and better development in the electronics industry after "reentering GATT," it is necessary to set up an overall outlook and adopt major moves and countermeasures at a macro level and, in light of the new situation, readjust the development strategy of electronics industry accordingly. As viewed from the thinking of development [fa zhan si lu 4099 1455 1835 6424], import substitution should be changed to export guidance so that the electronics industry will be geared to the needs of the international and domestic markets. Taken from the development policy, the principle of achieving a sustained, stable, and coordinated growth should be changed to one giving priority of the electronics industry for an accelerated and sustained growth; taken from the development model, the domestic-based and self-reliant pattern should be changed to a world-oriented one characterized by utilizing "two markets and two kinds of resources," intensifying cooperation, and positively participating in the international economic and technological competition; taken from the development objective, the expansion of export of electronic products and the enhancement of competitive power in the international market should be placed in an even more outstanding position so as to expedite the process of transforming electronics industry from an import-oriented to an export-oriented economy; and taken from the development speed, the growth rate higher than that of the national economy by a certain margin should be maintained so that the electronics industry will show a momentum of rapid development.

On this foundation, we should put into effect some new and significant moves in a bid to open the electronics industry wider to the outside world. First, we should formulate still bolder incentive policies, give support to enterprises in breaking through national boundaries, use world resources, and acquire the best ratio on performance and price. We should adopt a principle compatible with the world's mainstream technology and products, formulate product and service standards and technology yardsticks in keeping with those in the world, and create conditions for China's electronic products and technology to comprehensively link up with the international market. Second, in utilizing foreign capital, we should stress the needs to readjust some practices,

which are detrimental to moving toward internationalization, such as the proportion of capital in joint ventures, the volume of products to be sold in domestic markets, and so on, with a view to expanding the scope of using foreign capital in a more effective way. Third, we should seize the favorable opportunity of "reentering GATT" to further increase the export of electronic products and push more electronics enterprises into the international market.

Reform Measures Seek To Promote GATT Entry

HK1703052093 Hong Kong CHING CHI TAO PAO in Chinese No 9, 8 Mar 93 p 31

[From "China Economic News" Column: "Five Measures Adopted To Greet China's Readmission to GATT"]

[Text] It has been learned that, in preparation for China's reentry to GATT, relevant Chinese departments are planning to adopt the following new measures:

1. Market access. It has been decided that import tariffs on 225 products will be unilaterally reduced within the next three years.
2. Reform of the price system. A decision has been made that the goal to rationalize price relationships should be met not later than 1996.
3. Readjustments of foreign exchange policy. China currently practices a system by which official and market exchange rates coexist. However, it is a long-term target to put into effect a unitary exchange rate system. With a view to gradually fulfilling our target of practicing a unitary exchange system, we are currently taking all possible efforts to, by adopting the method of lowering the Renminbi exchange rate, narrow the gap between both official and market exchange rates.
4. Taking active measures to promulgate foreign-related laws and regulations. We are presently working out a number of foreign-related laws and regulations, such as the "Foreign Trade Law," and are trying to gradually perfect legislation concerning intellectual property rights.
5. Reform of the administrative and management system. The administrative approval system for imported electrical and mechanical products will be gradually abolished, while quota permits with a certain transparency will be adopted for products that must be protected.

'Problems' in Financial Structural Reform

HK1703065893 Beijing RENMIN RIBAO in Chinese 26 Feb 93 p 5

[Article by Yuan Mu (5913 2606): "Thoughts on Problems Concerning Financial Structural Reform"]

[Text] With the socialist market economic development, financial structural reform has increasingly roused people's concern with each passing day. We have recently invited responsible comrades of various banks, monetary organizations other than banks, and some experts and scholars to discuss this issue on several occasions. In addition, we have participated in the seminar on "Socialist Market Economy and Commercial Banks" sponsored by several commercial banks. Through hearing opinions from all sides, we have gradually shaped some basic train of thought on the issue of financial structural reform.

I. The Place of Finance Has Become Increasingly Prominent in the National Economy

Generally speaking, finance has gradually become an independent industry with commodity economic development, and is playing a tremendous role in the national economy. This is the inevitable result of socialized mass production.

Through 14 years of reform and opening up, China has made long strides in the development of commodity economy, which is compatible with the requirements of commodity economic development, and the economic structure has also gone through profound changes; consequently, the prominent place and role of finance in the operation of the national economy in its entirety is making itself increasingly felt.

The swift development of the national economy and changes in the national income distribution pattern have resulted in a wide-range increase in the income of the urban and rural populace. In the national income distribution pattern, the proportion of individuals continued to rise. In 1978, the surplus of monetary assets of the urban and rural populace was 38.44 billion yuan in 1978; it was 1.352 trillion yuan in 1991, up 34 fold from 1978, with an average annual growth rate of 34.41 percent. Its proportion of the GNP rose from 10.71 percent in 1978 to 65.05 percent in 1991. These changes demonstrate that the urban and rural populace have gradually become the main body possessing social funds, and economic construction is increasingly depending on their savings for funds. The citizens' voluminous savings and other social funds will be converted to construction funds only through the accommodation of financial departments, which have become the chief supplier of social construction funds and an important industrial department in the national economy. Whether or not the financial departments are doing a good job of accommodating funds, and whether or not the results of the operation of funds are satisfactory, will greatly affect national economic operation.

Finance takes up the important task of macroscopic economic regulation and control. Throughout the eighties, banks and monetary organizations in various categories collected and put in voluminous funds, with an additional input in loans of some 1.2 trillion yuan

during that period. In 1991-92 alone, there were additional loans of some 600 billion yuan which played an important role in supporting national economic development. The state has regulated the general volume of social credit, maintained monetary stability, and promoted the sustained development of the national economy in China through implementing monetary credit policy and applying such direct and indirect means of regulation and control as loan scope, providing new loans, reserve for deposits, interest rates, and foreign exchange rates. Many comrades believe that finance has become, and will continue to be, the most important of all means of macroscopic economic regulation and control in China.

II. Fully See The Pressing Nature and Importance of Financial Structural Reform

With the deepening of economic reform and expansion in opening up over the past 14 years, the accomplishments scored in financial structural reform are considerable. However, because finance involves an extensive scope and the difficulty is comparatively great, relatively speaking, the progress has been comparatively slow. Consequently, finance remains incompatible with the development needs of the socialist market economy. This chiefly finds expression in the incompleteness and imperfection of the financial regulation and control system, as well as failure in effectively implementing the macroscopic financial policy; the banks being weak in their capability for self-accumulation, with serious situations of operating under overloaded conditions; slow development in the monetary market, with laws and decrees on finance being incomplete and imperfect; and comparatively backward administrative and operational means, with poor quality of credit assets. All this resulted in the increasingly acute contradiction between national economic operation and the financial structure, namely: The contradiction between reform, opening up, economic construction and the weakness in financial macroscopic regulation and control; the contradiction between an ever-developing operation in the financial market and the market's relatively backward organizational form; the contradiction between the export-oriented economic development and a relatively closed financial structure; the contradiction between the expansion of social funds lying idle and the monotonous way of fund-collection and fund-accommodation; and the contradiction between the swift development in financial operation on the one hand, and the not so rational establishment of financial organizations as well as the grave shortage of qualified people in finance on the other.

These contradictions and issues have affected the implementation of the state's macroscopic economic policy as well as further in-depth reform and healthy economic development. Obviously, to develop the socialist market economy and to promote faster and better sustained national economic development, it is imperative to change the backward condition of financial structural reform. We must have a very clear picture of our

financial reform's backwardness and magnify our sense of pressure. At the same time, we must fully see the great importance of financial reform, and that has a bearing on the whole situation of the national economy; this being the case, we should take an enthusiastic but meticulous attitude in conducting reform.

Under the guidance of Comrade Deng Xiaoping's important talks made during his southern inspection tour and the 14th party congress spirit since 1992, China's reform, opening up, and modernization have entered a new phase of vigorous development. An unprecedented upsurge in construction surfaced in China, with a considerable number of places taking on a momentum of high-rate growth, and even superhigh-rate growth, and the general situation is satisfactory. To push this fine situation, comrades engaged in financial work have done voluminous constructive work. The chief problem existing today is an excessively strong momentum in the investment scope of fixed assets nationwide, with the input of banknotes on the high side, prices for some production means have gone up by a wide margin, and the hidden pressure of inflation has increased. How we should augment the state's macroscopic regulation and control and establish the new order of the socialist market economy while promoting economic development has become a focus of universal concern.

Presently, the state's macroscopic regulation and control is conducted mainly through such measures as loan scope, capital construction scope, interest rates, tax rates, finance, scope of foreign loans, and foreign exchange rates. Obviously, of all measures, the financial means has become the most important regulating lever. To deepen reform of the financial structure today is the key to maintaining the sound momentum of national economic development, preventing an overheated economy, and realizing the strategic goal of mounting a new plane every several years, as Comrade Deng Xiaoping has set out.

III. The Guiding Idea and Major Tasks for Deepening Reform of the Financial Structure

Deepening reform of the financial structure calls for an explicit guiding idea, namely, financial reform must be helpful to further nurturing and promoting the socialist market economic development. On the one hand, it should be helpful in invigorating in a microscopic way, and create an external environment for enterprises, enabling them to operate on their own, assume sole responsibility for profits and losses, and participate in competition on an equal footing; on the other hand, it should be helpful to macroscopic control so that the general operation of the national economy may progress at a comparatively high rate in a sustained, stable, and harmonious way on the basis of market regulation under the government's planned guidance based on the market.

The basic goal of reform of the financial structure is first, to stabilize money, and second, to support economic development. Finance must provide all sorts of service

to promote the healthy development of the national economy according to the different phases and changes of economic development. At the same time, it is imperative to adhere to a stable monetary policy. Monetary stability is the indispensable condition for economic stability; this is because economic development and the issuance of money have an inherent link between them. There exists a certain law, the violation of which, with an excessive or insufficient volume issued, it will affect healthy economic growth. Presently, we should consider satisfying the monetary demand of high-rate economic growth to promote economic development; at the same time, we should pay great attention to maintaining monetary stability, preventing excessive expansion of the credit scope, and insuring better, faster, and sustained economic growth for a long time.

IV. The Core of Financial Structural Reform Is To Set Up A Bank Risk Mechanism

Presently, the operational mechanism of China's banks and enterprises have not gone through radical changes, and enterprises continue to eat from the same big pot of the bank to a considerable degree. Some enterprises are enthusiastic about borrowing money from the bank to launch their projects. However, they think very little about whether or not they are able to repay the loans after the projects are launched, and think even less of the project's economic returns. In other words, a restrictive mechanism of the enterprise taking risks on its own has not yet taken shape. Whereas the bank basically does not bear any responsibility for risks, the more loans the bank makes, the more profits it will retain. However, this is accompanied by voluminous bad debts and losses of state assets. This being the case, it is imperative to deepen financial structural reform, and "run banks in the way of genuine banks" as Comrade Deng Xiaoping has required, so that the bank may genuinely become a monetary enterprise operating on its own, assuming sole responsibility for profits and losses, balancing its funds with its own efforts, taking risks on its own, and being capable of self-restriction and -development as well as the optimal combination for realizing the profit-making, safety and circulation of monetary assets to improve the economic returns in the employment of the entire social funds. Most people are for the idea that through the efforts of several years, it is necessary to gradually establish, complete, and perfect a financial organizational system with the central bank exercising leadership, state-owned commercial banks being the main body, and with division of labor and the cooperation of diversified monetary organizations. Generally speaking, both enterprises and banking departments are comparatively slow in their reaction to market signals. Under such circumstances, general scope control remains an effective way of control, which should, of course, also be improved.

V. Enthusiastically Give Play To Existing Commercial Banks and Monetary Organizations Other Than Banks

To establish the bank's risk mechanism, it is imperative to run our banks (with the exception of those which are

responsible for operations of a policy nature) according to the requirements on commercial banks, earnestly do a good job of monetary operation, pay attention to economic returns, and pursue profits to accumulate funds for the state. To suit the demands of reform and opening up in recent years we have set up nine commercial banks. Generally speaking, the effects of these banks are not bad, their development have been rather fast, with comparatively high credit quality, and sound economic returns. Some monetary organizations other than banks developed in recent years have also played an important role, with their scope of collecting and accommodating funds becoming increasingly larger. However, we should see that commercial banks are newborns, which need be incessantly completed and perfected.

Some of our existing decrees and regulations are not conducive to commercial banks conducting fair competition with other banks based on the market principle and developing in competition. At the same time, we should see that some arenas have not been kept under control; for example, some banks have excessively participated in the investment in securities and bonds, and even spent huge sums in the real estates business. Some monetary organizations other than banks have not implemented financial law and decrees, rules, and regulations strictly, and made loans in excessive scope; some individual organizations have even made loans free of any scope.

Presently, it is primarily necessary to exert great efforts to run well the existing nine commercial banks, magnify guidance, and resolve the contradictions and problems existing in development. It is necessary to conduct standardized administration to give better play to commercial banks' role. From now on, we should develop some new commercial banks based on needs and possibility in a planned way step by step, but presently it is inappropriate to pursue expansion in quantity before a comparatively complete and perfect whole-ranging control system and measures have taken shape. At the seminar of "The Socialist Market Economy and Commercial Banks" called not long ago, the nine commercial banks initiated the organization of an association for commercial banks and planned to draft the association's constitution and regulations for commercial banks to make the association gradually become a self-disciplining organization of the trade. We believe that such practice should be given support and correct guidance. That is also the case with financial organizations other than banks too; it is necessary to actively support their development, augment control over them, and give better play to their role. At the same time, we should not rush headlong into mass action.

VI. Developing Orientation and Steps for Reform of National Specialized Banks

China possesses four specialized banks, namely, the Industrial and Commercial Bank, the Agricultural Bank, the Construction Bank, and the Bank of China (BOC). These banks perform operations of a policy nature as

well as of routine banking operations. Reviewing the practice throughout the years, more often than not, the functions in these two aspects were not satisfactorily given play, and such practice was not conducive to macroscopic regulation and control, nor was it helpful to improving the economic returns of funds in operation. It is universally believed that the reformative orientation of national specialized banks should be their gradual transformation into state-owned commercial banks. Because of the immature condition at present, the pace for reform should not be too hasty to prevent too great a shock, and it can be implemented largely in three steps depending on the conditions. First, the practice of managing separated accounts in different categories should be pursued as well as the separation of various specialized banks' operation of a policy nature from routine banking operations; different accounts are to be dealt with based on different principles, and checked separately.

Attention should also be paid to economic returns in operations of a policy nature. Second, one or two banks of a policy nature may be run on an experimental basis according to needs and the possibility to obtain experiences through practice. Those trades and departments with a very strong policy nature and comparatively explicit operational scope should be selected for the experiment. Third, with successes in the aforesaid two-step reform and necessary experiences accumulated, consideration will then be given to the thorough separation of the two operations with separated organizations, and specialized banks will be run as specialized state-owned commercial banks. Taking these three steps, especially the third, doubtlessly involves a considerable length of time, and one should not be too hasty about it.

VII. Establish an Authoritative Central Bank Macroscopic Regulating and Control System

The BOC, the central bank, is a national organization under the State Council's leadership to administer monetary undertakings across China. Its chief function is to conduct macroscopic regulation and control over the economy for the state, do a good job of macroscopic monetary decision, maintain a stable currency, and promote economic development. A common understanding is that the central bank should refrain from engaging in operational activities, but focus its energy on formulating financial policy and decrees based on the requirements of the socialist market economy, set up a sound financial order, augment supervision and control over specialized banks, commercials, and monetary organizations other than banks, to improve the capability of China's credit funds for preventing risks. The central bank should apply to diversified economic means to augment indirect regulation and control while completing and perfecting the measures for the control of funds with a ceiling. Financial structural reform in its entirety must be conducted under the central bank's leadership, supervision, and control.

8. Do a Good Job of Whole-Ranging Financial Structural Reform

The 14-year practice in reform tells us that reform is a complicated systems engineering in gradual process. Finance is the nerve center of the national economy, and a slight move in one part may affect the situation as a whole. In deepening financial structural reform, it is imperative to actively and appropriately push whole-ranging reforms. 1. It is necessary to iron out the price system. Price should accurately reflect a commodity's value and supply-and-demand relations, and profits the enterprise's operational condition. Only then will it be possible to insure the rational direction of capital flow with the best economic returns obtained.

2. The enterprise should become the genuine legal person operating on his own, assuming sole responsibility for profits and losses. Banks and enterprises are economic cooperators on an equal footing; the bank should demonstrate flexibility in making loans, but not supply all the funds the enterprise needs unconditionally, without considering the enterprise's condition and demands in economic development.

3. Investment structural reform should be conducted. The reform's direction from now on should be that the state will be responsible for formulating industrial investment policy and planning the proportion of industrial development only, but refrain from grasping specific investment projects with the exception of extraordinarily large projects. Investment projects should be selected by the subjective aspect of investment on its own, and the bank have to be given a free hand to select the subjective aspect of investment so that those who have the loans may spend the money on their own, take the risks, and benefit from the investment. Thus, the subjective aspects of investment will vary, and the state's burden will eventually be alleviated.

4. Various financial decrees and regulations should be set up, completed, and perfected. Presently, it is imperative to firmly grasp the formulation of various related financial decrees and regulations; there should be separate legislation on banking so that financial organizations in various categories may perform according to law, each conducting its specific function, and operate on the legalized and standardized track in an orderly way.

IX. On the Issue of Bringing Up Qualified People

The development of China's financial undertakings calls for a large number of qualified professionals. Presently, entrepreneurs are quite popular, and bankers should enjoy some popularity, too. It is imperative to adopt efficient measures from the top to the grass roots to augment work in training financial workers to bring up a large number of socialist bankers by making full use of existing training conditions, including financial institutes and schools as well as training centers. Regarding professional backbone, it is especially necessary to train them in a planned way as early as possible from a

long-range view. National bank workers should be of high quality, and enjoy comparatively high treatment; however, such treatment should not be derived from pursuing operation, but be insured by the state. It is inappropriate for national bank officials (especially officials at intermediate and senior levels) to take up part-time jobs in financial organizations other than banks. The universal improvement in financial workers' qualities will promote financial work to better serve socialist economic construction.

X. Party and Government Organizations at All Levels Should Understand, Be Concerned About, and Support Financial Structural Reform

Financial structural reform involves every aspect of the economic arena and the self-interest and common interest of every department, locality, and unit. Should problems crop up in finance, it would inevitably affect the whole situation of the national economy and even cause confusion in social life. This being the case, financial structural reform should be pushed in an active, sure, and steady way. Should this reform fail to gain the understanding, concern, and support of the whole society, especially those of the party and government organizations at various levels, it would be very difficult to get the expected results.

Leadership of party and government organizations at all levels should primarily earnestly implement the principle of separating the functions of government and the enterprises among financial organizations based on the 14th party congress spirit, and refrain from intervening in financial organizations' specific professional work. They should support and insure the bank to make loans according to the principle of economic returns, and should not arbitrarily force the bank to make loans to some specific units. Leadership at all levels should take a commanding position over the whole situation to show concern and support for financial structural reform. It is imperative to correctly handle the relationship between the interest of the whole and parts and between the central authorities and the locality to insure the smooth progress of financial structural reform.

False Appraisals of Foreign Investment Noted

HK1603124693 Beijing RENMIN RIBAO in Chinese 9 Mar 93 p 5

[Article by staff reporter Guan Jianwen (1351 1696 2429): "Quite a Few Foreign Businessmen Make False Reports on Tangible Assets Investment; Lawful Interests of Chinese Side Damaged, Large Amounts of Taxes Lost"]

[Text] Recently, after being tipped off by our readers, our reporters conducted interviews with the relevant departments, and learned that within some foreign-funded enterprises in our country, the prices of investment in tangible assets appraised and quoted by the foreign side were generally higher than the actual value,

and this has infringed upon the interests of the Chinese side, and led to large losses in taxes.

From November 1991 to the end of 1992, the commodity inspection departments in provinces and cities, such as Jiangsu, Fujian, and Tianjin, appraised 155 assets invested in by foreign firms, and found 152 had quoted prices which were higher than actual value. The total quoted price of the 155 assets invested in by foreign firms was \$76.28 million, but the appraisal by the commodity inspection departments set the price at \$54.254 million, which meant \$22.026 million higher than the actual value. Guo Xiaoen, director of the State Administration of Import and Export Commodities Inspection Appraisal Management Department, said that comprehensively looking at the figures from various localities, one would find that the prices of foreign-invested facilities appraised and quoted by foreign businessmen were generally 20 percent higher than their actual values.

According to statistics, more than 90 percent of the foreign investment in our country was realized in the form of materials. In 1992, foreign investment in kind was as high as \$8 billion; supposing half of the investment had quoted prices higher than actual value, the Chinese side would have lost several hundred million U.S. dollars. Furthermore, the loss is long-term, because every year foreign businessmen would share bonuses based on the falsely quoted amounts of investment.

The prices of investment in kind quoted by the enterprises solely owned by foreign businessmen are often too high. In an enterprise solely owned by a foreign firm in Fujian's Sanming City, the quoted price of a certain facility went so far as to be as high as 39 times the actual value, and the quoted price of a simple toolbox was as high as \$1,500. The reason for the foreign businessmen who are running the solely owned enterprises to quote higher prices of investment in kind is because, first, through increasing the asset depreciation amount, they can create false accounts, to avoid paying the taxes they should pay; and second, when accidents or disasters occur, they can earn a large amount from insurance compensation.

The main reasons foreign businessmen can succeed in quoting higher prices of facilities are: First, some localities and enterprises are eager to have foreign capital, and are afraid that evaluating foreign investment in kind would scare the foreign businessmen away; second, many enterprises do not understand the international business situation, and have no way to evaluate the assets invested in by foreign businessmen; third, more importantly, we do not have sound regulations, and the currently existing regulations do not contain articles which require evaluation of the prices of investment in kind fixed by foreign businessmen, and the relevant departments only use the bills or invoices provided by foreign businessmen to audit assets, but it is easy to make false bills or invoices.

Some people worry that evaluating and appraising the foreign investment in kind is not conducive to opening up to the outside world and attracting foreign capital, but this viewpoint is not in accordance with fact. Over the past two years, the commodity inspection departments in various localities appraised nearly 1,000 cases of foreign investment in kind, and all those appraisals were recognized by foreign businessmen, furthermore, none of the foreign businessmen withdrew investment when the appraisals of their investments in kind were lower than the quoted prices. A food company limited from outside the border used 104 sets of facilities as investment in Xinjiang, and claimed that the price was \$1.4 million, the State Administration of Import and Export Commodities Inspection sent an appraisal team to check the place and found that two-thirds of the facilities were old and the total price was only \$800,000. The other side had no objection to the appraisal, and promised to add \$600,000 to make up for the amount. A decoration materials factory in Shandong pooled funds with a Hong Kong businessman, who promised to provide facilities amounting to 850,000 yuan. An appraisal by the local commodity inspection department showed that the facilities from the Hong Kong side were old, had been used for one to three years, and were worth only 110,000 yuan. In front of a large body of evidence, the Hong Kong side apologized and promised to make the remaining amount of investment prescribed by the contract.

To block the loophole and prevent unnecessary losses to the country, since the end of last year, provinces and cities such as Fujian, Hebei, Shandong, and Shenzhen have issued a governor's order or government department notice, asking the localities and departments running foreign-funded enterprises to add an article in the contracts or agreements to specify that the investment in kind with prices quoted by foreign businessmen must be appraised by the commodity inspection departments—otherwise, the relevant departments will not give approval. Although this has produced an obvious affect in some localities, it is a partial regulation, and does not have other rules to support it. Therefore, some relevant comrades have suggested that the Finance Ministry, the Ministry of Foreign Economic Relations and Trade, and the State Administration of Import and Export Commodities Inspection must jointly issue a document to stipulate that in the contract on establishing foreign-funded enterprises, it is necessary to specify that the local commodity inspection department must appraise the facilities which have prices quoted by foreign businessmen, otherwise, the relevant department will not give approval for establishment. After that, the accounting firm will audit assets based on the appraisal by the commodity inspection department. With this regulation, we may stop the foreign businessmen from quoting prices which are higher than actual value, so as to safeguard the rights and interests of various sides making the investment.

Success of Foreign Trade Policy Examined

OW1603142093 Beijing XINHUA in English 1353
GMT 16 Mar 93

[Text] Beijing, March 16 (XINHUA)—While the world as a whole is suffering an economic recession, China has been experiencing a big boom in its foreign trade.

The following four factors may account for the fast growth of China's foreign trade.

Firstly, the boom in China's foreign trade is the result of the implementation of the policy of reform and opening to the outside world.

The policy of reform and opening to the outside world has brought the national economic development onto a new stage and the economic boom has stimulated the demand for imports and resulted in more quality goods for export.

Before 1978, the country's foreign trade volume ranked 32nd in the world. But China's position in the world foreign trade was advanced to the 15th by the end of 1991 and further up to the 11th by the end of last year. A recent authoritative forecast indicates that in the rest of the 1990s, China's foreign trade will continue to increase, probably at a speed faster than the average annual rate of 11.5 percent for the 1980s. The goal is to make the country rank among the world's top ten.

Foreign investment in China has also injected renewed vigor into foreign trade. According to state statistics, Chinese authorities approved the setting up of 47,000 foreign-funded enterprises last year, which brought the total to more than 90,000.

The statistics indicate that the import and export volume generated by foreign-funded enterprises accounted for more than one quarter of the country's total.

Secondly, China's reform of the foreign trade system has made the import and export systems more conformable to the common international practices.

In export, China stopped subsidies to export enterprises and allowed foreign trade enterprises to operate independently, responsible for their own profits and losses.

The export license system introduced from January 1, this year, has cut by half the number of export commodities covered by the license system and ended the practice of dividing the export commodities into different categories and delegated the power of granting export quotas of some products. All these measures have encouraged the foreign trade enterprises to operate more freely and independently.

In import, the government lowered the tariff rates by an average of 7.3 percent on more than 3,000 kinds of commodities and at the same time cut the number of commodities that require import licenses. In addition, the country has scrapped the import substitute list.

Thirdly, the active diplomatic activities have helped create a more favorable international environment for China's foreign trade.

China has resumed economic and foreign trade relations with almost all the economically developed countries and has brought the relations with its neighbors into the best period in history. Progress has been made in the negotiations on the restoration of China's seat in the GATT, in the multilateral aid and cooperation with the United Nations and other countries and in its technical aid to developing countries.

Fourthly, the policy of diversifying its trading partners has played a big part.

China has over the past few years made vigorous efforts to open up more international markets. By the end of last year, China had established economic and trade relations with 221 countries and regions, and set up more than 200 trading agencies abroad.

Its trade with South Korea, Indonesia, Israel, Kenya and Chile has increased sharply and its trade with Russia had reached 5.86 billion U.S. dollars by the end of 1992, exceeding the total with the former Soviet Union.

Economic experts believed that China, with a population of over 1.1 billion, is a huge market and its closer link with the interantional market brought about by the efforts to build a socialist market economy will make it more favorable for China to realize its goal—becoming the top ten trading countries in the world.

Problems Prevent Renminbi Loans by Foreign Banks

HK1603133393 Beijing ZHONGGUO XINWEN SHE
in English 1142 GMT 16 Mar 93

[Text] Beijing, March 16 (CNS)—The Deputy Governor of the People's Bank of China, Mr. Tong Zengyin, said today that foreign-funded banks in China were keen to undertake renminbi business so long as certain taxation matters could be settled.

Speaking in an interview with this agency, Mr. Tong said that the bank had from this year abandoned its unique accounting practice and had adopted another international system, a move bringing it into closer conformity with international practice. Professional banks including the Industrial and Commercial Bank of China, the Agricultural Bank of China and the China People's Construction Bank will employ this method of accounting from next year.

Mr. Tong said that China's financial business already had connections with some international bodies with access to the International Monetary Fund, the World Bank and the Asian Development Bank.

Business between China's banks and their overseas counterparts is growing with the establishment of business agents between China's banks and banks from over 100

other countries. Some 40 foreign-funded banks have set up branches in China while up to 200 others have created liaison offices in the country. Mr. Tong especially welcomed the establishment of branches by Taiwan-funded banks and promised them policies more preferential than those given to other foreign-funded banks.

Article on Foreign Funds Introduction

HK1703091093 Beijing JINGJI GUANLI in Chinese No 11, 5 Nov 92 pp 20-24

[Article by Liu Li Fong (0491 4539 1496): "Current Contradictions, Problems, and Countermeasures in Foreign Funds Introduction"]

[Text] During the past two years, China has seen a new high tide in the introduction of foreign funds. The tide has kept surging in response to Deng Xiaoping's speeches during his southern China tour. Thus, in the first half of 1992, 13,105 foreign-funded projects were signed with contractual foreign capital worth \$17.71 billion and actual foreign capital of \$7.73 billion, respective increases of 1.6 times, 1.3 times and 59.7 percent in comparison with the previous year. Direct foreign investment during the first half of 1992 resulted in 13,069 new projects with contractual foreign capital worth \$14.53 billion and actual foreign capital worth \$3.86 billion, respective increases of 1.6 times, 2.2 times, and 100 percent compared to the previous year (*China Statistical Information* 29 August, 1992, p 1). The rapid development of foreign funds introduction, a product of China's reform and opening policy, indicates that our international economic cooperation and exchanges have reached a deeper level. If we recall, during the eighties, several waves introducing foreign funds appeared. However, bound by rigid policies, operational mechanisms, and traditional views, they were doomed to develop at a slow speed. It was not until 1991, especially the first half of that year, that the base of the traditional planned economy was shattered and the possibility of introducing foreign funds on a large scale emerged. This can be explained by our breakthrough in understanding the essential problems, such as the reform of the existing economic system, the establishment of socialist market economy, the transformation of the enterprise operational mechanism, the transformation of the government's functions, the transformation of the enterprise equity system, and the introduction of the shareholding system. We are thrilled by the sight of the high tide of introducing foreign funds because it enables China's economy to take off and updates and upgrades China's industrial structure. However, we should still remain sober-minded and make objective and appropriate judgments on the quantity and quality of the introduced foreign funds in China's existing productive forces environment. It is harmful to introduce foreign funds either on an overly small or excessively large scale. We should recognize that underlying the high tide is a series of contradictions and problems which reflect the blindness in introducing foreign funds and the inappropriateness

of our macromanagement. We deem it important to bring these to the attention of the theoretical circles and government departments concerned. In the following sections we will analyze the relevant problems.

I. Current Contradictions and Problems in Foreign Funds Introduction

1. There is a trend of acute competition between regions in introducing foreign funds and it is likely that the various "commerce and trade wars" which occurred several years ago will reappear. According to a HAINAN DEVELOPMENT article, China's economists have given a warning that measures should be taken to prevent passive consequences resulting from the acute competition between regions in foreign funds introduction. The article further pointed out that to attract foreign funds, regions vie with each other by reducing and exempting land use fees and taxes and the cost of electricity, thereby providing more favorable conditions. This kind of competition exerts a passive influence on foreign funds introduction and the country's long-term economic growth (HAINAN DEVELOPMENT 24 July, 1992). As if verifying the economists' warning, the State Council Office recently issued a notice demanding that local governments strictly follow the tax law for enterprises with foreign investment (JINGJI RIBAO 23 AugUST, 1992, p 1).

Beginning this year, an unprecedented liberal environment has been established for foreign funds introduction. On the basis of opening up the coastal areas and the development of Pudong, the State Council is again considering granting preferential treatment to a group of inland cities and cities on the banks of the Huang He to create a good soft environment for these cities to make use of foreign funds. Furthermore, local governments will be authorized to examine and approve the introduction of foreign funds. Guided by these central government policies, local governments are eager to obtain foreign funds and, based on their local strong points, they are carrying out a series of preferential policies, inviting tenders and holding economic and trade talks. The scope of attracting foreign funds has been expanded dramatically. Having the local governments act as the main body or main character in introducing foreign funds, arousing the enthusiasm of the localities, making greater use of the superiority of local resources, and raising the efficiency of foreign funds utilization are all positive measures. However, some localities have gone so far as to vie with each other in offering favorable treatment, reducing policy limits, and even sacrificing their financial revenue to attract more foreign funds. As a result, the cost of foreign funds utilization has risen greatly and duplicate or overlapping projects have been introduced, causing losses of natural resources and placing us in a disadvantageous position in our cooperation with foreign businessmen. The mutual competition in foreign funds introduction is practically identical in nature to the regional "wool war," "hemp war," and "cotton war" which occurred several years ago. The only difference being that this is a war of foreign funds

introduction. The main reason for the excessive competition in the introduction of foreign funds lies in the fact that the existing financial and investment systems have not been thoroughly transformed and that local governments, acting as main bodies in operational investment, are free from the constraint of responsibility. Thus, several years ago, local governments contended for funds with the central government and now they are contending again for funds in the international funds market. The second reason is that governments at various levels regard the amount of invested foreign funds and foreign exchange earnings by foreign-funded enterprises as main quotas in assessing the work of introducing foreign funds.

2. The scale of debt in foreign funds introduction. The scale of debt means the amount of loans obtained from foreign governments, international financial institutions, and commercial banks. To evaluate the appropriateness of the debt scale, we can refer to the evaluation norms set by the international financial community.

A. Debt service ratio. By debt service ratio, we mean the proportion of yearly foreign loan and interest payments in the total amount of export foreign exchange earnings for the same period. From 1981 to 1990 in China, apart from 1981, 1989 had the highest debt service ratio which reached 15 percent, lower than the internationally recognized warning line of 20 percent.

B. Debt ratio. By debt ratio, we refer to the proportion of foreign debt balance in the foreign exchange export earnings. In China, between 1981 and 1990, 1990 had the highest debt ratio which amounted to 78.9 percent, lower than the internationally recognized warning limit of 100 percent.

C. Liabilities ratio. Liabilities ratio means the proportion of foreign debt balance in GNP. Again, 1990 had the highest liabilities ratio which reached 14.2 percent, still lower than the internationally recognized warning limit of 15-20 percent.

D. Proportion of yearly foreign load and interest payments in the GNP. The year 1990 had the highest index, reaching 2.6 percent, which was lower than the internationally recognized norm of 5 percent.

E. Debt foreign exchange ratio, that is, the ratio of foreign debt balance to foreign exchange reserves. The international norm is around 2 to 2.5. In China, during 1981-90, each year had a ratio equal to or less than 2, except for 1989 which had a ratio of 2.43 (see Table 1).

The five norms indicate that up to 1990 the general scope of foreign debt was moderate, proving that China has the potential to expand the scale of introducing foreign funds.

Nevertheless, several factors should be taken into consideration. First, our economy's actual ability to handle risk exposure: 1) our economic strength is moderate, exhibiting low competitive strength in foreign trade; 2)

our exports and imports lack elasticity and it is difficult for us to earn foreign exchange by carrying out large-scale exports or to reduce imports by a large amount; and 3) a considerable amount of our foreign debt is allocated to the transportation, energy, and raw materials industries which are industries with low foreign exchange earning rates and long building cycles. Therefore, they find it difficult to pay back their debts and our safety limits should be lower than the internationally recognized norms. Our debt service ratio and debt ratio have approached the warning limits. Second, a rising tendency in the above-mentioned indexes appeared during the eighties. Between 1984 and 1990, the foreign debt balance showed an annual average increase rate of 50.3 percent, surpassing to a greater extent the increase rate in GNP and the amount of foreign exchange export earnings during the same period. This has indeed been a worrying phenomenon (see Table 1). Third, in the nineties, China expects a new high tide of foreign funds introduction as well as a new peak in foreign loans and interest payments. While, on a worldwide scale, trade conflicts caused by trade protectionism are escalating, China does not show enough elasticity in exports and is unlikely to increase foreign exchange export earnings greatly and the debt service ratio and debt ratio may rise, possibly surpassing the warning limits.

The foreign debt structure also lacks proper arrangement. First, of the total amount of foreign debt, commercial loans constitute 65 percent, higher than the average level of 58 percent for developing countries and almost equivalent to that of Poland during its debt crisis. Second, the percentage of short- and medium-term loans comprises 40 percent, higher than the short term loans of the three biggest debtor nations: Brazil (12.6 percent), Mexico (5.8 percent), and Argentina (14.3 percent), and also higher than the international norm of 25 percent. Lastly, the terms for repayment of medium- and long-term loans are too concentrated. In 1993, when the repayment peak is due, the debt service ratio will reach 18 percent (*Poland's Experience and Lessons in Foreign Fund Utilization* by Zhang Xiujun and Ren Huizhong; *International Trade* Vol No. 3, 1991, p 34). All these facts show that the main tasks in the 1990's in introducing foreign funds should be control of the scale of foreign debts and readjustment of the foreign debt structure.

3. Foreign funds introduction and inflation. Foreign funds introduction often exerts pressure on inflation because the excessive scale of introduction, or its improper structure, can cause contradictions between general demand and general supply. This is illustrated by the following factors:

A. The majority of foreign funds, either in the form of loans or direct investment, mainly seek to supply materials for China's domestic market except for importing parts of equipment and parts of raw materials. With the expansion of introduced foreign funds, the demand for means of production, and thereby for means of consumption, will be increased correspondingly. Besides,

most of the foreign funds, direct foreign investment in particular, are used in the processing industry and only a small portion of foreign funds is allocated to basic industries and infrastructure construction. As a result, the "bottleneck" effect of the already existing energy and raw materials shortages is sure to be intensified. Furthermore, transportation and telecommunication will be in greater demand. All these factors will bring pressure to bear on market prices.

B. Auxiliary funds should be provided with the introduction of foreign funds and this will cause a great demand for domestic funds. Take the World Bank loan: for example. The bank requires that the auxiliary funds of the host country constitute 70 percent of the total loan. In some of China's economic development zones, the funds for investment in infrastructure and service facilities, taking up most of the engineering investment, come from local governments and departments concerned. This has added an invisible impulse to the demand for funds.

C. In the business activities of the solely foreign-owned, cooperative, and joint venture enterprises, part of both their fixed and circulating capitals is provided by loans from the banks in China. The Chinese banks show a willingness to supply loans for these enterprises because of their higher credit ratings and better economic results. Under the current condition whereby the existing banking system has not yet been reformed and the enterprise management system has not yet been introduced into banks, the banks have to offer loans to state-owned enterprises on a mandatory basis; on the other hand, they will increase their loans to foreign-funded enterprises with the expansion of foreign capital. Thus, expansion of the scale of bank loans is unavoidable, exerting more pressure on inflation.

D. The larger the scale of foreign funds introduction, the heavier the task of loan and interest payments and the higher the demand for foreign exchange export earnings. Export goods in essence represent demand for our elements of production by foreign consumers. The more we export, the higher our demand for elements of production and the greater the pressure on inflation.

It is obvious that, along with the increase of domestic investment which exerts pressure on inflation, the introduction of foreign funds may also "add fuel to the flame" of inflation.

4. Foreign funds introduction and readjustment of the industrial structure. China, as a developing country, needs foreign funds to increase its ability to earn foreign exchange from exports, to realize the substitution of imported goods with our own homemade ones, and to make our enterprises export-oriented. However, what is more important is that the foreign funds will help some relevant national industries raise their technological levels. The readjustment, optimization, and reorganization of our industrial structure can be implemented by making use of the investment of foreign funds in some

key industries. Nonetheless, so far, the existing foreign-funded enterprise structure is helpful only in achieving the first aim, without playing its due role in readjusting China's industrial structure and in giving impetus to the development of our national economy as a whole. Of the total investment of foreign capital in 1990, machinery and electrical industry, as well as the textile and garment sectors, took up 74.9 percent whereas the raw materials and energy sectors only managed 6.5 percent. The top 300 foreign-funded industrial enterprises listed in order of their total sales in 1990 were concentrated in the light and processing industries. Of these, 83 enterprises, or 27.6 percent, were engaged in the textile and garment industries; 64, or 21.3 percent, were in the machinery and electrical industries; and 7, or 2.3 percent, were in the energy and raw materials enterprises. Of the total amount of foreign funds introduced from 1989 to 1991, over ¼ came from Hong Kong and Macao and was used mainly in the labor-intensive processing industries such as electronics, textile and garments, machine building, electrical appliances, as well as the trades such as hotels and guesthouses.

The main weaknesses of our industrial structure in introducing foreign funds are as follows:

A. While concentrated in the processing industry, less investment has been made in basic industries and infrastructure. This has not rendered much help to alleviating the tension or the supplies of energy, raw materials, and transportation.

B. Excessive investment has been made in labor-intensive industries while the investment in capital- and technology-intensive ones is insufficient. This is neither conducive to increasing the competitive strength of our products on world markets nor to upgrading our industrial structure.

C. There are more enterprises "with both ends outside." The enterprises involved are mainly engaged in processing or assembling materials supplied from outside China and then selling them again outside China. These enterprises do not have much connection with their counterparts in China and it is unlikely they will form an industrial chain to promote the development of the domestic enterprises.

D. Among the tertiary industries the main investment has been made in tourist hotels, guesthouses, and real estate. Few funds are attracted to information services, finance, and insurance. The weakness in introducing foreign funds is obviously connected with the differences between various industries in profit-making caused by twisted prices. Yet, they are more closely related to the short-term goals of localities, such as pursuing an increase in the output value and financial revenues, as well as job opportunities. Being shortsighted, some localities pay great attention only to their immediate interests, neglecting the long-term economic development. As a serious consequence, large amounts of foreign funds have been allocated to nonprime-mover industries and

large numbers of duplicated and overlapping construction projects and repeated low-level introductions have appeared and are still appearing.

5. Problems in the management of direct foreign-funded enterprises. Of the 25,450 joint venture, cooperative, and solely foreign-funded enterprises registered in China up to the end of 1990, the greater majority of them enjoyed higher profits, exhibited a higher level of management, and abided by Chinese laws. Nevertheless, some of them suffered from a low management level. They have no orderly internal management, evade taxes, and harm state interests. This is shown as follows:

A. The Chinese party in the joint venture is not clearly aware of its responsibility for government-owned assets. The Chinese chairman of the board acts only as the representative of government-owned assets, not as the owner. The power of management is in the hands of foreign general managers. The Chinese chairmen of the board does not pay due attention to the government-owned assets, seldom perform their supervision function and, thus, there are often violations against the State assets rights and interests.

B. The foreign party in the joint venture embezzles joint ventures profits by means of transferring prices, evading taxes, etc. It utilizes its power to manipulate supply and marketing, taking advantage of the weakness of Chinese side, namely, the lack of channels for purchasing and marketing and the lack of knowledge of the international market features. The foreign party manipulates prices and charges, embezzles joint venture profits by means of taxes not included in the calculated prices, exports and imports at high prices, and evades taxes, etc. These problems in the management of foreign-funded enterprises also mirror the defects in our enterprise system as well as the imperfectness in our laws and regulations concerning foreign-funded enterprises and in tax administration.

II. Measures To Improve Introduction of Foreign Funds

At the present stage, we should set up the following targets for our economic development: Work hard to establish regional markets and a unified national market as early as possible and become engaged in the international market by taking advantage of the good opportunity of China's re-entry into GATT as a signatory state, to catch up with the four "Little Dragons" in Asia, and to carry out the readjustment of industrial structure. One of the key links in achieving these targets is to make better use of foreign funds. Since the eighties, the introduction of foreign funds has played an undeniably important role in the development of our national economy, which can be seen from the fact that regions enjoying a higher speed of economic development and higher level of living standards are the ones where foreign funds have been introduced on a larger scale. Therefore, we should not refrain from doing things for fear of a slight risk as we did during the period influenced by "leftism". On the other hand, we should consider setting a "limit" to the

introduction of foreign funds and thoroughly study our load-carrying capacity, raising the quality and efficiency of introducing foreign funds. We should also select projects that are beneficial to us, rather than acting like a hungry man who does not choose his food. As our existing financial system has not yet been reformed, the market mechanism has not been strengthened, government functions have not been transformed, and the State-owned enterprises have not been turned into independent commodity producers and enterprise operators, the laissez-faire attitude in introducing foreign funds and the blind development can only harm our country's long-term interests. Therefore, efforts should be made to raise the quality of foreign funds introduction.

1. To formulate the industrial policies guiding the foreign funds introduction promptly. In future, the key points of our industrial development in foreign funds introduction should be: 1) the machine-building industry, in combination with electronic technology, which produces sets of electronic machinery such as the automobile industry and automatic equipment industry; 2) industries which lead to earning foreign exchange through exports. Foreign funds should be utilized to conduct technical renovation and transformation in areas such as the light and textile industries, chemical engineering industry, and the machine-building industry to increase their competitive strength on the international market; and 3) basic industries, including transportation, energy, raw materials, and agriculture. The existing regional preferential treatment in foreign funds introduction should be changed into unified industrial preferential treatment. Both the Central and local governments should limit the development of those foreign-funded projects which are inconsistent with our industrial policies, detrimental to the regulation and optimization of our industrial structure, unfavorable to our giving full play to local strong points, or likely to contend with our enterprises for international markets. The central government should make a comparative analysis of the structure of foreign funds introduction in various regions with the state or regional industrial policies, assess the real achievements in introducing foreign funds by local governments, and encourage and award regions which have achieved better results and optimized their structure in introducing foreign funds.

2. To readjust the income levels of the basic industries and guide the direction of foreign funds investment. Foreign investors do not show much interest in investing in basic industries mainly due to the low profit-earning level in these areas. It is suggested that the central and local governments allocate part of their financial revenue to the basic industries in the form of deduction of interest to raise their profit rate, thereby arousing the enthusiasm of investors. However, our main attention should be focused on the utilization of bilateral loans from governments and international financial institutions to develop the basic industries.

3. To have strict state control over the scale and structure of foreign debts and to establish an information system

for the benefit of macromonitoring and management. It is mandatory to have a clear idea of, and timely readjustment and control over, the foreign debt balance; the amount of loan and interest payments; the maturity structure; the trade structure; the structure of debt sources to determine the scale and structure of foreign debt on the basis of the evaluation of domestic funds and material reserves, the state foreign exchange reserves, and the elements of production such as the labor force and technological level in China.

4. To have an overall consideration of both the introduction of foreign funds and the utilization of domestic funds to prevent the inflation pressure caused by the increase in domestic investment demand resulting from the expansion of the scale of foreign funds introduction. The key point of preventing foreign funds expansion lies in the rationalization and normalization of local government economic action. Only when the local governments have really withdrawn from the investment operations, when the separation of government functions from enterprise management is truly realized, and when the status of enterprises as the main body of investment is

restored, can a liability-constraint mechanism in the introduction of foreign funds be established, the periodic oscillation of investment scale be reduced, and the inflation pressure eased by putting foreign funds introduction under the control of the market mechanism.

5. To realize the separation of government functions from enterprise management and government functions from capital management, establish and consolidate the special organizations responsible for the management of national assets, and strengthen the management of national assets in joint venture enterprises. Efforts must be made to collect and manage taxes from joint venture enterprises, for cooperation and with sole foreign capital, and precautions must be taken against foreign investors evading taxes and grabbing illegal profits by means of transferring price policy or taxes not included in the calculated prices. To achieve this, we should first, be cautious of protecting the interests of the Chinese party while signing joint venture contracts, without giving the foreign party opportunities that can be exploited to their selfish advantage. Second, we should strengthen our legal system and financial supervision over joint venture enterprises, for cooperation and with sole foreign capital.

Table 1: China's Main Indexes of Foreign Debt

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Debt service ratio (percent)	20.0	12.1	7.6	4.3	6.4	6.4	10.8	14.1	15.0	14.4
Debt ratio (percent)	17.0	14.4	12.3	27.1	53.4	63.5	70.9	78.2	74.4	78.9
Liabilities ratio (percent)	1.3	1.2	1.0	2.4	5.4	7.6	9.9	10.6	9.8	14.2
GNP (percent)	1.6	1.0	0.6	0.4	0.7	0.8	1.5	1.9	2.0	2.6
Debt-foreign exchange ratio	0.79	0.30	0.21	0.50	1.33	2.04	1.98	2.28	2.43	1.84

Source: China Statistics Almanac and China Finance Almanac

Table 2: China's Foreign Debt Balance and Its Increase Rate

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Foreign debt balance (U.S. \$1 billion)	3.77	3.32	3.02	7.23	15.8	21.4	30.2	40	41.3	52.5
Increase rate of foreign debt balance	-11	-9.1	139	118	35.9	40.6	32.5	3.3	27.1	

Source: China Finance Almanac

Contradictions in Process of Economic Growth

HK1603150093 Beijing ZHONGGUO XINWEN SHE
in Chinese 1227 GMT 9 Mar 93

[Roundup by Xizo Rui (5135 3843)]

[Text] Beijing, 9 Mar (ZHONGGUO TONGXUN SHE)—Despite the ongoing controversy about whether China's economy is overheated, China's industrial production is still growing at a high speed.

The latest statistics show that the gross industrial output value generated by industrial enterprises at the township level and above in the first two months of this year stood at 458.6 billion yuan, up 20.4 percent over the same period last year.

However, the following fields have failed to keep pace with industrial growth: Energy production has grown at a low rate; the contradiction caused by a short supply of resources has intensified; the volume of goods transported has decreased; and various kinds of contradictions found in industrial and economic operations have further intensified.

Affected by the final demand [zui zhong xu qiu 2584 4807 7194 3061] and "bottlenecked" by transportation and supply of energy, China's economic growth rate in 1993 will be lower than last year, but will still be at a fairly high level. Certain experts predicted that China's gross national product in 1991 will increase by about 10 percent.

The industrial production in the last two months bore the following characteristics.

- The gap between light industrial growth and heavy industrial growth expanded with the ratio between the two being 1:1.6. In industrial restructuring, emphasis continued to be placed on heavy and processing industries.
- The export-led economy grew rapidly. The output value generated by economic sectors other than the public sector, with "foreign-funded" enterprises as the dominant body hit, 43.2 billion yuan, with the growth rate reaching 58.4 percent.
- Collectively owned and private enterprises grew very rapidly with their growth accounting for 75 percent of the country's overall growth. In the first two months of 1993, state-owned enterprises grew by 7.3 percent over last year [as published] while collectively owned enterprises grew by 47 percent and township-run enterprises 77 percent.
- There was a strain on the supply of principal raw and semi-finished materials with their prices continuing to climb from a high level late last year. In January, the prices of principal capital goods increased 31 percent over the same period last year and the prices of all principal steel products rose to the international peak value.

Economists believe that as far as China's economy is concerned, the following three issues have aroused public concern: 1. How should we correctly assess the present economic situation? 2. Will there be serious inflation? And 3. Will the infrastructure, especially transportation, sustain continued rapid economic growth?

The State Economic Information Center suggested that the state introduce a neutral financial policy. The center believed that an increase in people's expenditure for transport, child care, education, rent, water, and electricity as well as fluctuations in gold price and in foreign exchange rates will affect consumers' psychology. So, to maintain stability, it is necessary to increase interest rates.

Transportation is now restraining economic development, especially the economic development in southeast and south China. We should invest heavily in construction of railroads and other traffic facilities in the next two to three years.

According to the analysis made by economists, as the supply of consumer goods exceeds the demand and the growth rate of residents' income is greater than the growth rate of prices, it is possible to keep the growth rate of prices within 10 percent this year so serious inflation is unlikely.

Economists exhorted us to follow the principle of doing what is within our capacity in arranging for economic operation and to guard against the tendency to strive for excessive speed. At the same time, they said, we should

work hard to readjust the economic structure and to improve economic performance.

Absorb Capital Through Fund Management Companies

HK1603053693 Beijing ZHONGGUO XINWEN SHE
in Chinese 1253 GMT 8 Mar 93

[Roundup by reporter Duo Duo (1122 1122)]

[Text] Chinese people, who are carrying out the reform and opening up policy, are gradually conscious of the strong points of absorbing foreign capital through fund management companies.

An advanced research class for the management of investment funds in China sponsored by the China International Trust and Investment Corporation Research Institute and supported by the Hong Kong Unit Trust Fund Association opened in Shenzhen days ago. All of the students attending the class, over 100, were senior professionals from various stock companies across China. It is learned that the research class was the first of its kind in China.

Accumulation of a large amount of wealth has enabled investment to become a socialized conduct, which has also gradually become a professional activity. Consequently, investment management has become a service in great demand in society. The development of investment funds abroad was based on stock markets and fund management companies as big institutional investors have become stabilizing factors in the stock market. Investment made in the form of funds was rather late in China, but it has developed quite rapidly.

It is learned that the Bank of China [BOC] and the China International Trust and Investment Corporation [CITIC] were the first two Chinese institutions to engage in fund investment. The scale of funds at that time was rather small but the trade has developed substantially since 1991.

The year 1992 saw a fever of investment funds in some places in China. In October of that year, a group led by the BOC in Hong Kong proposed setting up a China Bank China Fund, which would be independently managed by the group. The group planned to raise \$100 million, but the fund was oversubscribed by 400 percent. The group actually raised \$150 million. It is expected that the fund will go public in Hong Kong subject to the approval of the Hong Kong Stock Exchange management and that the fund will expand by \$40 million. Earlier, a China Investment Development Fund was established in Beijing, which was co-sponsored by the British K.B. Bank and the CITIC to raise \$60 million. The fund went public on the London Stock Exchange when it was set up. For the fund, the K.B. Bank set up a management company in Hong Kong and CITIC served as investment adviser. In addition, a number of state-managed funds are now under negotiation. The China Merchants Steam Navigation Limited Company,

Guangzhou, and Jilin Province are planning to set up fund investment companies abroad.

Materials show that financial tools introduced in the name of funds in 1992 were mostly found in Shenyang, Dalian, Hainan, Wuhan, Beijing, and Shenzhen. Shenyang distributed in April and May five kinds of fund certificates, which went public in the Shenyang Stock Exchange in July, September, and October. The Haian Stock Company introduced the Fudao Fund in mid-1992. Shenzhen published the provisional regulations regarding management of investment trust funds in June and approved the establishment of the Shenzhen Investment Fund Management Company in November of last year. In another development, the Shanghai Wanguo Stock Company is preparing to set up a fund management company and is planning to set up fund companies together with the U.S. Merrill Lynch Asia Pacific Company and other institutions.

Some experts said: The state-managed funds set up since 1991 have made considerable achievements in terms of the introduction of funds, raising of funds, investment management, performance, and expected returns. All this was mainly due to the overall development of China's economy, many business outlets set up by institutions outside the borders, and professional management ability.

Relevant people believed that since China's economy is in the process of speedy growth, it will be in need of investment including foreign investment for a long time. To absorb foreign capital through fund management companies will channel scattered and poorly managed funds abroad to China and this will enable the funds to share benefits brought about by economic growth in China. The funds channeled to China this way will also help China manage and protect immature stock markets, and support key industries by prudently establishing pioneering funds. In addition, the foreign capital introduced into China through fund management companies does not constitute foreign debts and will not affect the management of the enterprises of which fund management companies are shareholders. When China's reform and opening up is proceeding in depth and its economy continues to grow, it is not difficult for China's well-known institutions to absorb foreign capital by setting up fund management companies.

The experts pointed out at the same time: What matters for setting up fund management companies is that China must provide really competent management, which is also what enterprises on the mainland lack.

Chang Qing, a scholar from the China International Trust and Investment Corporation Research Institute, said: We should not act with undue haste in absorbing foreign capital through state-run fund management companies. We should, from the beginning, stress the importance of improving our ability in managing investment funds, especially the importance of establishing a sound

management system and of training professional personnel. In addition, the government must exercise supervision over the operation of fund management companies strictly according to law.

It is reported that guided by the State Council Stock Commission, the BOC is drafting a law governing the operation of fund management companies. It is predicted that the law will be made public soon and that a number of fund management companies will be set up subject to the approval of departments concerned.

'Designated' Industries To Get Priority

HK1703084193 Hong Kong CHING CHI TAO PAO in Chinese No 9, 8 Mar 93 p 31

[From the "China Economic News" column]

[Text] It has been learned that the State Planning Commission and the Ministry of Machine-Building and Electronics Industry [MMBEI] have recently decided to grant preferential policies to specially designated basic industries.

Specially designated basic industries, also known as specially designated basic machines and basic parts, mainly consist of the following 11 categories: numerical control machine tools as well as its numerical control system and supporting system; numerical control forging equipment; high-efficiency precision bearings; universal high-pressure hydraulic valves; air-driven control valves; rubber, plastic, and compound material sealing parts; large-scale precision forming models; new-type machine tools and electrical appliance; as well as electronic accessories to specially designated products.

According to the decision, all projects developing specially designated products approved by the MMBEI can enjoy preferential support from relevant state departments in obtaining funds for tackling key scientific and technological issues, for developing new products, and for carrying out technical renovation on specially designated products. In addition, the state and localities will give priority to listing these projects as special-purpose items and placing them into credit plans, while interest deductions will be granted to these projects after they go through examination and approval procedures of relevant state departments. The state will exempt enterprises from contributing to energy, communications, construction, and budgetary regulation foundations, and then devote all the exempted contributions to the technical renovation of specially designated enterprises.

In line with the decision, all necessary key equipment and instruments imported for technical renovation by specially designated enterprises upon the approval of relevant departments can be exempted from import tax. Moreover, material supply departments will give priority to specially designated products in supplying raw and semifinished materials allocated within the state plan.

Preferential Policies Set for High-Tech Zones

HK1603020093 Hong Kong CHING CHI TAO PAO in Chinese No 8, 1 Mar 93 p 26

[From the "China Economic News" column: "Unified Preferential Policies for New High-Tech Development Zones"]

[Text] According to information received from the State Science and Technology Commission: China will make energetic efforts to build and reform high- and new-technology development zones in the coming two years. Pilot development zones and high- and new-technology enterprises will be allowed to exceed existing policies. To this end, unified preferential policies have been made. They primarily include the following terms:

1. As of the day of acknowledgement, enterprises in development zones are entitled to a preferential rate of 15 percent for enterprise income tax. If their export volume takes up 70 percent and more of the total output value of that year, they are entitled to a preferential rate of 10 percent for enterprise income tax.

2. As of the year of commissioning, income tax will be remitted for two years. For newly opened Chinese-foreign joint investment enterprises, income tax will be remitted for two years as of the year of profiting. After the tax holiday expires, if an enterprise truly has difficulty in paying its tax, the appropriate tax abatement may be extended.

3. Bonded factories may be set up in development zones. Import duties, the import product tax, and the value added tax may be remitted for export commodities processed from imported materials.

4. Export duties may be remitted for export products from development zones (unless otherwise stipulated by the state). Import duties may be remitted for importing instruments and equipment that cannot be produced domestically.

5. Quick depreciation is applicable to the instruments and equipment used for the development of new technology by enterprises in development zones.

6. With all the taxes paid by enterprises in development zones in 1990 as base figures, any additional amount will be put back into the development zones within five years.

'Disguised Form' of Government Business Discussed

HK1603012193 Hong Kong CHING CHI TAO PAO in Chinese No 9, 8 Mar 93 p 31

[From the "China Economic News" column]

[Text] Vice Premier Zhu Rongji recently pointed out that full attention must be paid to the negative results of reform, and that there should not be a disguised form of

"running business by government power" [quan li jing shang 2938 0500 4842 0794] when carrying out the reform of government organs.

He said that according to experience, the current move by administrative organs to cut half of their personnel is workable, but the personnel who have been made redundant have now gone to enterprises, business units, and companies, which have attracted most of them. These companies are still being managed by the original administrative departments, which do so on their behalf. In this way, reform, which talks about separation of the government and enterprises, is actually running business by government power, and on this basis, some persons have organized groups, invited some retired vice ministers or old department heads to serve as managing directors, and put other subordinate enterprises under such groups. In this way, the enterprises have lost their decision-making power. Attention must be paid to this kind of activity during reform.

Article Urges Improved Economic Reporting

OW1403054893 Beijing ZHONGGUO JIZHE in Chinese No 1, 15 Jan 93 pp 15-16

[Article by the YANGCHENG WANBAO Office: "Improve Evening Newspapers' Propaganda and Reportage on the Central Task of Economic Construction"]

[Text] I.

After thoroughly studying and comprehending the guidelines of Comrade Deng Xiaoping's talks, and while considering the current newspaper reform, we deeply sense that we must change our thinking to run an evening newspaper well under the new situation. By changing our thinking, we do not mean to say that we should abandon the fine traditions of an evening newspaper in keeping in touch with the masses; in keeping with the reality of life; and in being informative, interesting, and readable. Instead, we mean that, while the whole party has shifted its central task to economic construction while persevering in the basic line of "one central task and two basic points" for 100 years, evening newspapers' news reportage and propaganda should also firmly serve the central task of economic construction in the new period.

We are not saying that "YANGCHENG WANBAO" did not publicize economic work in the past. In fact, it carried quite a few economic pieces. However, the mentality of newspaper editors is usually that evening newspapers are for pleasure reading and that they should be informative, interesting, and recreational, while leaving the task of publicizing economic work to the morning newspapers. Newspaper editors are afraid that evening newspapers will lose their distinction from morning newspapers if they carry too much economic material. Comrade Xiaoping's talks during his southern China inspection tour contain profound and brilliant truths concerning economic development. We hold that all party newspapers, evening and morning papers alike,

should, without exception, publicize the central task of economic construction. Of course, the central task should not be the sole concern of the reportage.

Increasing reportage on major international and domestic news while emphasizing economic construction news will also meet the needs of the vast number of readers. Press reports, including recent ones about stock market riots, the real estate market, reform of the housing system, and GATT membership, as well as less recent reports about floods in east China, the Gulf war, and the "19 August" incident in the Soviet Union, have attracted a large number of readers. To read about these interesting topics, people waited at newsstands for the arrival of the evening newspapers on those particular days. This fact has greatly enlightened us and shown us the readers' diversified interests during the years of reform and opening up. We should further move to emancipate our minds and strive to increase reportage that focuses on the central task of economic construction. We should do a good job in reporting news about society. At the same time, we should make great efforts to publicize economic affairs.

Today, evening newspapers are facing a rigorous challenge. Morning newspapers have enriched their contents by increasing reportage about society and service-oriented news, by increasing pages, and by publishing supplementary issues on weekends or Sundays. In addition, there are also newspapers under myriad names designed to provide service for social life. In turn, they have gained almost all the distinctive features of evening newspapers. Evening newspapers entered the market earlier than other newspapers, and readers subscribe to most of them at their own expense. Evening newspapers pay more attention to readers' interests because they are part of a "buyers' market." Many morning newspapers now are striving to reform themselves, shifting from the planned economy to a market economy. Evening newspapers will lag behind if they stick to their old ways and fail to carry out reform. Some evening newspapers say that while morning newspapers have intruded into our realm, we might as well follow the practice of party organs and morning newspapers and strive to make a breakthrough in reporting economic news and major international and domestic news. This, after all, is one way to meet the challenge. We firmly believe that we should have a more comprehensive understanding of the functions of evening newspapers during the new period. An evening newspaper will not become a morning newspaper, even if it reports what the latter has already reported. The question is what we should report and how we should report it.

Generally speaking, we somewhat increased our reportage on economic affairs in 1992. During the first 10 months, economic materials accounted for one-half of our lead stories, averaging 16 per month. Sometimes economic materials occupied "double lead positions" (top left and top center).

II.

In publicizing the central task of economic construction last year, we concentrated our efforts on the following three major things: 1) We did in-depth reporting on science and technology, focusing on rewards for scientists and technicians. 2) We introduced the special column "Chronicle of the Zhu Jiang's Tides" to increase the intensity of reportage on reform and opening up, as well as to advocate the further emancipation of minds by way of reporting on a number of typical examples of reform and opening up. And, 3. We organized two reportage campaigns to give extensive publicity to economic construction.

In his talks during his southern tour, Comrade Xiaoping particularly emphasized that "science and technology constitute the primary productive force." Judging from Guangdong's condition, in order to realize the goal of quadrupling the gross output and to catch up with Asia's "four little dragons" in two decades, it is imperative to rely on scientific and technological advances. Speaking at a provincial work conference in June 1991, provincial party Secretary Xie Fei said: "We should realize that via repeated readjustments during the course of improving the economic environment and by rectifying the economic order, the special policies are generally no longer adequate. Except in the special economic zones, the special policies can no longer work as the main pillar of support for Guangdong's future development. Therefore, we must update our thinking and foster an awareness of the needs to rely on scientific and technological advances and take part in economic competition. We must focus on competing on equal footing and rely on scientific and technological progress to prevail in this competition." For this reason, we increased reportage on science and technology beginning in the second half of 1991. In 1992, we went further to give extensive publicity to science and technology, focusing on the city of Zhuhai's handsome reward for three scientists. On the day, when a reward was presented, we frontpaged a report captioned "Zhuhai's Millionaire Scientist" (one day ahead of the local press report). At the same time, we published an interview with the vice mayor of Zhuhai in charge of science and technology work, who answered several questions from concerned readers (such as "why it is necessary to present handsome rewards to scientists and technicians," "are these rewards excessive," "will they widen the gap between the rich and poor," and "will rewards place financial burdens on the city's finances?"). The newspaper's bold layout that day caused a stir among its readers.

The topic of generous rewards for Zhuhai's scientists and technicians had a great impact on other provinces and regions. Nevertheless, our reports did not stop there. We continued to conduct in-depth studies and published another four articles—some 1,000 characters each—on "Topics Arising From Generous Rewards in Zhuhai." The articles shifted the topic from rewards to scientific and technological restructuring. While featuring a simple style of writing, these articles also commented on the issues.

Before and after publishing our reports on generous rewards, we also gathered information and written articles on existing problems in scientific and technological progress, which were entitled "A Quick Glance at Science and Technology in the Zhu Jiang Delta." The articles included reports on some enterprises that relied on scientific and technological progress; on advanced individuals in scientific and technological fields; and on Guangdong's two high-technology development zones. The articles publicized, through different perspectives, the significance of scientific and technological progress.

Since Comrade Xiaoping's talks during his southern inspection tour, the central papers and journals have intensified their reports on Guangdong. Information-gathering delegations from various localities across China have continually and successively arrived and covered news in Guangdong. Guangdong's several major papers also have published a long series of reports on the Zhu Jiang Delta and special economic zones, which has systematically publicized these localities. What should the evening papers do? We feel that the evening papers have already publicized, in varying degrees, a number of Guangdong's endeavors in reform and opening up. It does not serve any purpose to merely repeat old clichés. Our objectives are to write more "new" and "in-depth" articles; report on new explorations, achievements, and experiences in Guangdong's various localities during the course of reform and opening up; and disseminate various new information and tendencies. In successive months, the evening papers published a large number of writings, including "The Guangzhou Gourmet Powder Plant Leads in 'Shaking Off the Shackles and Gets Out of the Cage,'" "Guangdong Will Expand Shareholding System Reform," "New Tendencies in Shenzhen's Reform and Opening Up," "Great Changes in the Economic Systems of Fushan's State and Joint-Venture Businesses," "Guangzhou City Massively Leases Six Pieces of Land to Foreign Traders for the First Time," "Major Moves in Guangdong's Energy Construction Projects," and "Guangzhou's Light Industry Departments Promote Risk Coverage." The purpose of publishing these articles was not merely to promulgate some specific experiences and tendencies in reform and opening up, but it also was aimed at encouraging various circles to further liberate their minds.

To leave a strong impression on our readers over the coverage of reform and opening up, in the latter part of last July we created on page one a special column called "Chronicles on Those Wading Into the Tide of Reform and Opening Up in the Zhujiang Delta." As the column's name implies, it reports on those cadres and masses in Guangdong who strive hard to ride with the great tide of reform and opening; and it carries features of some of those who ride on the crest of the waves. By the end of last October, 25 articles had been published, including articles like "Nanfang Building Strives To Become Center for Modern International Trading Firms," "Guangzhou City Administration of Industry and Commerce Boldly Breaks Taboos and Injects Vitality Into

Operations," and "Yunfu County State-Run Industrial Enterprise Persists in Contracting for Seven Years and Is Full of Vitality." In the past, we were unable to discover convincing and typical cases of well-managed state-run industrial enterprises. We discovered this enterprise by chance after having travelled far and wide in search of such an enterprise. We were greatly surprised that Yunfu Industrial Enterprise, which is situated in a hilly area and is under a city administration, has done an exceedingly good job over the last several years. The success of this enterprise is very much due to the transformation of government functions and the delegation of real autonomous rights to enterprises; the story imparts a universal significance for the present. It has been our intention to give our readers a better understanding of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, through reporting on real and successful typical cases.

Beijing saw the convening of several important meetings in 1992; one of them was the National People's Congress [NPC] which was held in March, and the other was the Chinese People's Political Consultative Conference [CPPCC], also held in March; another meeting was the 14th CPC National Congress. To show the importance that we attached to those meetings, we dispatched our own reporters to Beijing and we devoted extensive coverage on the spirit of the remarks that Comrade Deng Xiaoping made during his inspection of South China. We had our reporters filing special reports direct from Beijing, thus showing the distinctiveness and characteristics of our newspaper, so we enjoyed a certain edge in reporting over some major Guangzhou-based newspapers concerning those meetings. III.

For a long time, evening papers have reported a lot on ordinary peoples' lives and on social news but have been short on economic news. Their lack of experience in reporting on economic news is partly due to their relative unfamiliarity with the subject and partly to their lack of necessary recognition of the importance of economic news reporting. Evening papers need to adopt new thinking in the areas of news reporting in view of the new historical conditions and in their need to face new challenges. Regarding news coverage, there should be a shift from reports of the "after-office-hour news" type to an equal treatment of both "after-office-hour" and "office-hour" news. In addition to continuously devoting efforts to the reporting of general news in society, greater efforts should be made toward reporting major economic news items. To bring about that shift, newspapers' leaders, editors, and reporters need a process to change their mindsets and to raise their understanding. That process resides in the practice of news reporting.

Unlike social news, much economic news is unable to attract readers' immediate attention. Therefore, news presentation methods that are suited to the special characteristics of evening papers should be explored. Our objective is to reach the other side of the river; if there is no bridge, we will not be able to realize our goal.

Failure to stress news presentation methods will make it difficult to imprint firmly in our minds the thinking of subordinating to and serving the central task of economic construction. If evening papers present economic news in the same manner as morning papers, there will be no market for them in the long run. Of course, it is necessary to present economic news in the spirit of seeking truth from the facts. There is no marked difference between evening papers and morning papers in reporting some economic news. Therefore, evening papers should display their own characteristics through using eye-catching headlines, through making attractive page layouts, and through utilizing the time difference to "get a headstart" on their morning paper counterparts.

While there is a need for a change in direction over thinking concerning news presentation, reporters must also raise their reporting quality. As far as

YANGCHENG WANBAO is concerned, evening newspaper reporters have great sensitivity to the news; they are diligent and have a knack for getting "scoops." This is very good for reporting on "fast-breaking news." But to genuinely serve the central task of economic construction, evening paper reporters are found to be wanting in their knowledge of economic theory, economic policy, and in general economic knowledge. They are also relatively weak in reflecting over issues and in issue research. As a consequence, they are incapable of presenting a complex issue in simple terms and are unable to produce heavyweight articles. Some reports may look impressive at first, but after reading them, they fail to give readers food for thought; they are what the people call "fragile." Other problems also include similarity in reporters' treatment of news themes and in their reporting angles. To meet with the new situation, the task at hand is to raise as soon as possible the quality and professional levels of reporters and editors who work for evening newspapers.

East Region

Anhui Congress Standing Committee Holds Meeting

OW1203171293 Hefei Anhui People's Radio Network
in Mandarin 1100 GMT 6 Mar 93

[From the "Provincial Hookup" program]

[Text] The second session of the Standing Committee of the provincial people's congress was held in Hefei from 3 to 4 March. Chairman Meng Fulin and Vice Chairman Shao Ming each presided over a day of the meeting.

Entrusted by the provincial people's government, (Li Xiufang), deputy director of the provincial Agriculture Department, made a report on current agricultural production in Anhui. The meeting also heard a report by Vice Governor Yang Duoliang on the submission for appointment of personnel in the government establishment. The meeting appointed the chairmen, vice chairmen and members of the credentials and other work committees of the provincial people's congress. It also decided to appoint the 33 members of the provincial people's government, as well as appoint and approve judicial and procuratorial personnel.

Vice Chairmen Liu Guangcai, Lu Shengdao, Wu Changqi, Lu Zixiu, Jiang Zehui and Chen Jiyou of the Standing Committee of the provincial people's congress attended the meeting. President Han Yunping of the provincial Higher People's Court and Chief Procurator Liu Sheng of the provincial People's Procuratorate were present as observers.

Anhui Hears Proposals From Deputies, CPPCC

OW1203133393 Hefei Anhui People's Radio Network
in Mandarin 1100 GMT 9 Mar 93

[From the "Provincial Hookup" program]

[Text] On the afternoon of 6 March, responsible personnel of some 80 units from departments, commissions, offices, and bureaus under provincial jurisdiction, the provincial higher people's court and people's procuratorate, provincial mass organizations, and Hefei city government gathered at the conference hall of the Standing Committee of the provincial people's congress to attend an assignment meeting jointly convened by the four general offices of the provincial party committee, people's congress, government, and China People's Political Consultative Conference [CPPCC] Committee. They carefully accepted their respective assignments to handle the suggestions made by deputies at the first session of the eighth provincial people's congress and proposals raised by members at the first session of the seventh provincial CPPCC committee.

Vice Chairman Shao Ming of the provincial people's congress Standing Committee, Vice Governor Yang

Duoliang, and Vice Chairman Wu Dongzhi of the provincial CPPCC committee attended the meeting and addressed it.

Vice Governor Yang Duoliang spelled out the assignments for this year and put forward some specific demands. He said: During the two sessions, the provincial people's congress received from the deputies a total of 20 proposals and 420 suggestions and criticisms. The provincial CPPCC Committee received 625 proposals, and 619 were put on record after examination. These suggestions and proposals were concerned with the politics, economics, and social life of Anhui. They accumulated and reflected the voice and wishes of the people and displayed the high sense of responsibility in acting on their behalf as master of their own house and the strong sense of mission in revitalizing Anhui by the new deputies and CPPCC Committee members, as well as the democratic parties and mass organizations, in Anhui while actively participating in government and political affairs. Making serious efforts to deal with these suggestions and proposals will improve government work, overcome bureaucratism, and prevent mistakes in the course of work, as well as publicize, through the deputies and members, the general and specific policies of the party and government to the people, strengthen our ties with the people, and better accept the people's supervision. In addition, it will help to arouse all the positive factors, and serve reform, opening, and development in Anhui.

Yang Duoliang called on governments at all levels and all the units undertaking the tasks to firmly establish the idea of serving the people, increase their understanding, truly strengthen leadership in this regard, and place the assignments on the agenda to deal with them seriously. The units must properly organize their manpower and devote time and energy to organizing their assignments to ensure their fulfillment before the end of June.

Article Urges Jiangsu To Open 'Across the Board'

OW1503125693 Nanjing XINHUA RIBAO
in Chinese 5 Feb 93 p 6

[Article by Liu Guoguang (0491 0948 0342), vice president of the Chinese Academy of Social Sciences: "On Opening Up Across the Board"—first four paragraphs are summary]

[Text] Opening up across the board means we have to devote all our national strength toward joining the international market.

Moving from a differentiated open policy to a policy of opening up across the board will provide a fresh impetus to the acceleration of economic development.

Whoever opens wider to the outside world and conducts exchanges with foreign countries on a broad scale will benefit the most from these efforts.

During the process of opening up, we should adopt locally appropriate measures, encourage mutual assistance, supplement each other's advantages, and avoid

paying undue attention to earning foreign exchange, increasing the number of "wholly or partially foreign-owned enterprises," scrambling to adopt "preferential policies," and "opening to the outside world and implementing a closed domestic policy."

The 14th national party congress called for opening wider to the outside world and creating a new pattern of opening up across the board. This marks a new stage in our country's program of opening to the outside world and will provide a fresh impetus to the acceleration of economic development. Meanwhile, we should adopt new strategies, policies, and measures to achieve new results in all aspects of opening to the outside world.

Proceeding from an uneven, differentiated open policy to a policy of opening up across the board not only denotes an increase in the number of fields or areas that are open to the outside world; it also represents the deepening, expansion, or intensification of the open policy. This is an inevitable result of our implementation of an open policy over the past 14 years. We should try to understand the great significance and role of this new tack.

First, opening up across the board means we have to devote all our national strength toward joining the international market. Accordingly, we must steadily expand our exchanges with foreign countries and derive greater benefits from such exchanges. The experiences of other countries show that whoever opens wider to the outside world and conducts exchanges with foreign countries on a broad scale will benefit the most from these efforts. In the past, our country implemented a policy of gradually opening to the outside world; the number of open areas was thus limited and the potential of all quarters was not fully exploited. Obviously, our current efforts to open up across the board will lead to greater progress in foreign trade, the utilization of foreign funds, and the introduction of technology, thanks to efforts from all parts of the country. This assessment applies to the overall situation.

Second, across-the-board opening up means arousing the initiative of all areas and making use of their advantages. This will not only support the country's exchanges with foreign countries, but will also boost rapid economic development in various areas. This depends on the circumstances of different localities. In the past, only some parts of the country were open to the outside world. Contradictions were unavoidable because of preferential policies. As a result, the initiative of some areas was hampered, and their advantages were not fully exploited. After the whole country is open to the outside world, the coastal areas may continue to take advantage of their sound economic foundation. In the hinterland, some areas with fairly rich natural resources may seize the opportunity to promote development and to change advantages in natural resources into economic advantages; in areas with abundant labor resources and with lower wages than the coastal areas, it is more attractive to develop labor-intensive, foreign-funded enterprises, processing enterprises using imported raw materials, or

compensatory trade; areas with a strong industrial foundation may develop foreign trade; and areas endowed with special characteristics, including nationality minority areas, may export their indigenous products and develop tourism. In short, all areas can promote economic and technical exchanges with foreign countries in line with local conditions.

Third, all-directional opening up means developing bilateral, multilateral, and regional exchanges with foreign countries and practicing pluralism, which is characterized by markets and international cooperation. In the world today, regionalization, forming groups, and multipolarization are the trends of economic development. In the past, in our country the economic open areas were mainly located in the coastal areas, and the main partners of these areas were limited to Hong Kong, Macao, Taiwan, Southeast Asia, and Japan. Across-the-board opening to the outside world will be favorable to the adoption of a pluralistic strategy for opening up and to solving the problems of limited markets. Regarding this, some people have already drawn up a concrete plan: dividing the coastal areas into the three economic regions of south China, east China, and the Bohai area, which regard Hong Kong, Macao, Taiwan, the ROK, and Japan as their targets; dividing areas along the Chang Jiang into the upper, middle, and lower sections, which will link together with Shanghai as the leader. Because they are strong enough, these areas may target Japan, Europe, and the United States as trading partners. There is no doubt that a pluralistic strategy will promote exchanges and cooperation and ensure the steady development of economic relations and trade with foreign countries.

Finally, all-directional opening should proceed in conjunction with deepening reform so that relatively even development and the second-step strategic objective can be achieved in various parts of the country. Opening up and reform are complementary. In coastal areas, opening endeavors can expedite reform programs. Shenzhen is a prominent example. Heading toward establishing a socialist market economy through "underscoring market regulation," the city has become the nation's "pacesetter" in reform. Similarly, the opening efforts exerted by inland areas will also give rise to reform, and subsequently to development. As far as development is concerned, our previous policy of favoring certain regions has created unbalanced regional economic development. Today we should replace this policy with one that favors certain industries. This policy may be more beneficial to those regions that have natural resources.

Of course, we must realize that the transition from step-by-step opening to all-directional opening requires us to upgrade our work to a new level. This is because all-directional opening will create new contradictions and problems, as well as a new situation. Recently, China's performance has been exceedingly good in foreign trade and the development of foreign economic relations, and in using foreign capital. While this is a good phenomenon, certain unprecedented internal frictions have also occurred. For example, competition has

intensified in the export trade sector. To attract more foreign investment, people have been vying to offer "better deals." This has benefited foreign businessmen and created a "buyer's market." Moreover, some regions, competing with one another for higher places, have set their minds only on making more money in foreign exchange and attracting more foreign-funded enterprises. Consequently, their economic returns have declined, and their products have become increasingly similar and lacked variety. Furthermore, there are now provinces, cities, and counties—and even districts, towns, townships, and villages—striving to establish developmental zones. For those that do not have the means to do so, the arable land they have developed for developmental zones has to be idle. Thus, under the situation of all-directional opening up, macroeconomic regulation, control, and guidance must be stronger; and strategies, policies, and measures essential for all-directional opening must be studied, formulated, and carried out. Applicable measures include:

- Drawing up different specific strategies for developing an export-oriented economy and following the principle of taking the whole country into account, based on the actual states of different places. Since China's economic development is uneven and conditions vary from place to place, all places should pay attention to tapping their strengths and making up for their inadequacies. Only by doing this can we draw up a foreign development strategy that is in the interest of all regions, as well as the whole country. After a decade of construction, the several special economic zones have built relatively strong foundations. Thus, their priority from now on should be qualitative improvement, not expanding their size. This is also true for coastal cities and regions. To reach a higher level, they should divert their attention to high technology. In fact, some places already have decided to restrict the development of compensatory trade as well as services that process or assemble materials and parts supplied by foreign manufacturers, and to upgrade these trades and services to become foreign-funded enterprises. This is a proper move. The strengths of border areas and the hinterland rest with their natural resources. If they are able to develop their resources while opening themselves to the outside world and determine their mainstay industries, the course of their development will be broader and broader. When opening to the outside world and competing in the world market, we should have a division of labor and cooperation. At home, we should have comparisons and screenings so that all competitors will become more competitive individually and become stronger as a whole in opening themselves to the outside world.
- Adopting different approaches in light of different demands, avoiding headlong actions, and preventing the enactment of endless preferential policies while working according to unified policies. Preferential policies governing efforts to open to the outside world are aimed at creating a fine investment environment. No policies or preferential treatment, however, can be introduced

without the adoption of different approaches. In the past, widely different, regionally based policies produced certain side effects; the current emphasis on instituting industrially based policies does not mean the adoption of similar policies everywhere. This is because policies vary according to different demands in various localities; otherwise, as a foreign businessman observed: Preferential policies are being implemented everywhere, but I have yet to see different treatments accorded under these policies; it is difficult to make a choice in such circumstances. For instance, bonded or free trade zones can only be established in a few areas with proper conditions. The establishment of more such zones does not mean greater benefits; these zones are not to be established in every region. The same is true with economic or technological developments; we will not be able to concentrate on a few key ones if there are too many of them. The result will be a lower success rate and increased risk. Certain policies need to undergo experimentation. For instance, we should proceed more steadily and exercise restraint when we allow foreign-funded banks and retail shops to be established.

- Continuing to increase internal cooperation; encouraging areas in eastern, central, and western China and those in northern and southern China to supplement each other's advantages; and avoiding the practice of "opening to the outside world but adopting a closed domestic policy." When we opened our coastal areas to the outside world, we emphasized the need to "import from abroad and forge internal ties"; it was an essential and effective approach. When opening up across the board, we still need to encourage internal cooperation; in fact, we need to strengthen such cooperation. This is to ensure balanced development. Not only do resource-rich areas and regions engaged in processing industries need to improve technology and develop an economy of scale through joint efforts, but also areas of comparable levels and structures should join forces instead of going their own way. For instance, efforts to develop and open Pudong to the outside world are not designed solely to promote Shanghai's development; they are intended for the entire Changjiang valley or even all of China. If we are successful in these efforts, inland cities will become cities "along the Chang Jiang," and they will be accessible through this river; if we fail, Pudong will once again become an "isolated island" with limited functions. Yet another example is the way neighboring regions build their own airports and seaports because they fall under different administrative jurisdictions; this practice has generated limited results despite the input of enormous efforts.
- Building infrastructure in a planned manner and with a sense of priorities, cultivating talented people, and attaching importance to spiritual civilization. Considering the fact that our program of opening up partially requires concentrating the manpower, financial resources, and materials available in China, we can expect more pronounced contradictions between the growing demand and a shortage of resources when we

open up across the board. Localities across the country should work harder in a planned manner and with a sense of priorities. If possible, the state should also offer proper support, working in particular to establish transregional trunk rail lines. Likewise, in cultivating talented people, the state and localities should work hand in hand. We should pay close attention to socialist spiritual civilization and firmly resist the corrosive influences of all passive and decadent ideologies as we open wider to the outside world.

Because we have just begun to open up across the board, we shoulder heavy responsibilities, and we have a long way to go. We should assess the degree and effectiveness of our open policy, not only against the export and import volume ratio in the gross national product and against the structure of export and import trade, but also against the extent of compatibility of our open policy with the international market, its conformity to international norms, and its adaptability to economic operational mechanisms. We still have much to do if we want to measure up to these criteria. Our country's resumption in the near future of its status as a GATT signatory state will not only provide favorable opportunities but will also pose challenges. Opening up across the board can meet these challenges. We should implement more well-conceived measures in this regard. We believe that greater efforts to open up will bring new vitality and energy to the development of the economy as a whole.

Shandong Discusses State Education Outlines

SK1203094793 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 11 Mar 93

[Text] The issuance of the China Outlines of Educational Reform and Development has evoked strong reactions in all levels of the party and government organs throughout the province, in various social circles, and on the educational front. The provincial education commission recently sponsored a forum attended by leaders and professors from Shandong University, Shandong Engineering University, and Shandong Normal University, as well as relevant personages from the Jinan city educational front.

During the forum, the participants unanimously agreed that the issuance of educational outlines fully demonstrates the foresight and sagacity of the party and the state in putting education in a strategic, preferential position and represents an important start to accelerating the development of educational reform and building the socialist modernization as a whole. To fully develop education, we should raise funds through multiple channels; yet, by no means should we regard the seeking of profits as the sole purpose.

Voicing their real opinions at the forum, the comrades of higher educational institutions pointed out that the following two issues need to be handled with urgency in implementing the educational outlines: 1) Efforts should be made to create a good environment for training personnel. Without the effective work done by the

society or by the middle and primary schools, higher educational institutions will certainly be unable to fulfill the demands set by the outlines. 2) Efforts should be made to enable schools to actively establish an operation mechanism that suits the economic construction. The key to this establishment lies in giving the right to self-determined management to schools and having schools truly become the legal entities of schooling.

Shandong Government Forms Airline Company

HK1103015093 Beijing ZHONGGUO XINWEN SHE in Chinese 1148 GMT 29 Feb 93

[By correspondent Yuan Chonghe (5913 1504 0735)]

[Text] Jinan, 28 Feb (ZHONGGUO XINWEN SHE)—The China Oriental Airline-Qilu Company Limited was formally established this afternoon. Jiang Chunyun, CPC Central Committee Political Bureau member and Shandong Provincial CPC Committee secretary, attended the ribbon-cutting and office-opening ceremony, which signaled for Shandong the end of an era when the great economic province suffered from a weak airline industry that prevented effective air traffic. It was also a bold joint venture in airline industry between the central authorities and a province.

The company is a transport firm of the whole-people ownership type jointly invested in and built by the Shandong Provincial People's Government and the China Oriental Airline, enjoys independent operations and auditing, and takes care of its own profits and losses. The firm is registered at Jinan City, uses the China Oriental Airline logo, uses the Jinan Airport as the flying base, and keeps the Qingdao Airport as an overnight base. Its principal business is passenger and cargo transport operations and the implementation of the general-purpose [tong yong 6639 3938] aviation plan and approved international passenger and cargo air transport operations.

The firm now has 17 planes of MD82, XIAOTE 360, YUN-7, YUN-5, and other types, and some 600 workers. Its passenger transport services are connected with more than 20 domestic large and medium-sized cities such as Beijing, Shanghai, and Guangzhou. It provides international flights to Hong Kong, ROK, and Japan, maintains over 120 flights each week, and annually flies 760,000 Chinese and foreign passengers and over 5,000 tonnes of goods. Its business can reach all large cities in the country. One of its services, express air mail, has established business connections with the international TNT Air Cargo Company and Federal Express and now can reach any place in the world.

According to the firm, this year and next year it will acquire four more MD-82 planes, gradually expand its fleet, increase flight routes, and open scheduled flights to the Southeast Asian region.

Shanghai Municipal People's Congress Session Ends

OW1603063393 Shanghai People's Radio Network in Mandarin 2300 GMT 24 Feb 93

[From the "Morning News" program]

[Text] Having completed its agenda satisfactorily, the first session of the 10th Shanghai Municipal People's Congress yesterday [24 February] concluded successfully at the central hall of the Shanghai Exhibition Center.

The session called on the people across the city to work together with one heart and one mind, vigorously forge ahead, surmount difficulties, and do a solid job under the leadership of the party Central Committee, the State Council, and the Shanghai Municipal CPC Committee, in order to strive for Shanghai's invigoration and development.

The session first adopted by secret ballot a list of candidates for the chairmanship, vice chairmanships, and memberships of various committees of the 10th Shanghai Municipal People's Congress. After that, the deputies adopted, by a show of hands, resolutions on the government work report, on the execution of Shanghai's 1992 economic and social development program and the program for 1993, on the execution of Shanghai's 1992 budget and the budget for 1993, on the work report submitted by the Shanghai Municipal People's Congress Standing Committee, on the work report submitted by the municipal higher people's court, and on the work report submitted by the municipal people's procuratorate. In addition, the session adopted a decision on abolishing [as heard] the Shanghai Municipal Regulations for Popularizing Compulsory Education.

After the adoption of the various resolutions, the newly elected chairman, vice chairmen, and secretary general of the municipal people's congress Standing Committee; mayor; vice mayors; president of the municipal higher people's court; as well as chief procurator of the municipal people's procuratorate went to the front of the rostrum to meet the deputies. Wu Bangguo, executive chairman of the session, introduced them one by one to the deputies. Next, Ye Gongqi, chairman of the municipal people's congress Standing Committee, and Mayor Huang Ju took turns to address the session.

Shanghai Congress Standing Committee Meets

OW1003120793 Shanghai People's Radio Network in Mandarin 1000 GMT 9 Mar 93

[From the "News and Weather" program]

[Text] The first meeting of the 10th municipal People's Congress Standing Committee opened this afternoon at the Friendship Hall of the Exhibition Center. There are two items on the meeting agenda: examine and approve candidates for the Credentials Committee and Personnel Affairs Committee of the Standing Committee of the

10th Municipal People's Congress; examine and approve other personnel appointments and removals.

Central-South Region

Guangdong's Xie Fei Speaks on Propaganda Work

HK1603072293 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 13 Mar 93

[Text] Arm the entire party, educate cadres, and propagate among masses Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and use it as a guide to thoroughly propagate and implement the party's basic line. Promote the development of the socialist market economy and the establishment of the market economic system, and struggle for quickening the pace of the province's economic development and striving to basically achieve modernization in 20 years. This was a demand made by Xie Fei, member of the Political Bureau of the CPC Central Committee and secretary of the Guangdong Provincial CPC Committee, at yesterday's provincial Propaganda Work Conference.

The Guangdong Provincial Propaganda Work Conference was held on 11 March in Guangzhou. Comrade Xie Fei attended the conference and made an important speech. Comrade Xie Fei expounded the major tasks of propaganda and ideological work during the new period: First, it is necessary to arm the entire party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. This is the fundamental task on the ideological front in the future and the most important task in propaganda and ideological work. Second, it is necessary to be subject to and serve the central task of economic construction, and to promote the development of the commodity economy and the establishment of the market economic system. Third, it is necessary to offer more fine spiritual products, do well in guiding media, and strengthen the development of the cultural undertaking and the management of the cultural market. Fourth, it is necessary to make a success of the campaign to establish civilized households, villages, cities, and towns and to strengthen the spiritual civilization campaign which covers society as a whole. Fifth, it is necessary to strengthen overseas propaganda work and enhance Guangdong's attraction to the outside world. Sixth, centering on the demands of the superstructure and of adjusting to the establishment of the market economic system, it is necessary to actively and steadily proceed with the reform of the propaganda and ideological work system.

Comrade Xie Fei stressed the need to strengthen the party's leadership over propaganda and ideological work. He pointed out: The province's reform and opening up and socialist modernization drive have entered a new historical stage of development. Propaganda and ideological workers are shouldering a glorious, arduous, and heavy historical duty. We hope that comrades on the propaganda and ideological fronts across the province unite, arouse their enthusiasm, work

hard, do a conscientious job, and make new contributions to promoting the advancement of the province's spiritual and material civilization.

Guangdong Reports Counternarcotics Measures

HK0903042593 Beijing ZHONGGUO XINWEN SHE in Chinese 1100 GMT 27 Feb 93

[By reporter Mo Fei (5459 7236)]

[Text] Guangzhou, 27 Feb (ZHONGGUO XINWEN SHE)—At the provincial telephone conference on the special antidrug struggle, Zheng Shengqin, deputy director of the Guangdong Provincial Antidrug Committee and deputy director of the Provincial Public Security Department, urged antidrug organs at various levels in the province to deepen their understanding of the importance of antidrug work and to meticulously organize the special antidrug struggle in March to achieve success.

Zheng Shengqin said: Recently, the Shilong Public Security Subbureau in Dongwan ferreted out a large drug-trafficking criminal ring composed of criminal elements within and outside the province. Now, six drug traffickers and 105 drug addicts have been arrested, and 250 grams of heroin, a small-caliber handgun, and 26 cartridges have been seized.

Zheng said that as far as the drug-trafficking cases cracked in the province last year were concerned, the amount of drugs seized and the number of drug traffickers and drug addicts caught surpassed all that in the past. In particular, there was a rapid increase in the number of drug addicts, which shows that the problem of drugs being spread has not been checked.

Hence, Zheng Shengqin urged areas with severe drug problems to set up "boxes for reporting drug crimes," "reporting and advice-seeking telephones," and "registration stations for surrendering oneself." He also stressed: Public security departments must strive to find out drug-selling networks and drug-trafficking and drug-taking dens, do their best to ferret out a number of deeply hidden criminal rings, clean up a number of drug-trafficking and drug-taking dens, and catch a number of drug addicts. Moreover, various localities must, in line with local conditions, temporarily set aside plots of land from collecting posts, collecting posts for education, or hospitals for opening up drug rehabilitation centers.

Guangdong's Shenzhen Cracks Drug Trafficking Case

HK1203020093 Beijing ZHONGGUO XINWEN SHE in Chinese 1306 GMT 10 Mar 93

[By reporter Xue Donghe (5641 2639 0735)]

[Text] Yesterday, Shenzhen City's public security department cracked down on a major drug trafficking den on Hubei Road in Luohu District; more than 50

persons involved in drug trafficking and addiction were arrested, among them two Hong Kong people. At the same time, 31 packs of heroin and some long knives and iron chains were seized. According to sources, this drug trafficking and addiction case, which has been cracked in Shenzhen, is one involving the largest number of persons in the city in recent years.

According to information, shortly after 2000 the previous night, the on-duty personnel of the first detachment of Shenzhen Riot Prevention Corps learned that among the temporary residents on the second floor of a building on Hubei South Lane, some were drug trafficking suspects; thereafter, some officers were sent to the scene, and it was discovered that a man on the spot was lying on the floor and taking "heroin." The public security personnel immediately arrested the young man and six others on the spot, and seized 21 large and small packs of "heroin" from a box containing batteries for use in a recorder, clothes, shoes, and socks. It was found in interrogations that the young man was surnamed Lin, from Huilai County; he took drugs and participated in drug trafficking.

At 0400 yesterday afternoon, public security personnel continued to arrest more than 40 persons group by group, among them two Hong Kong people, and a young woman from Sichuan. They all carried drug-taking equipment such as needles and tubes. At present, the case is being handled.

Awards Given for Work in Guangdong Grenade Attack

HK1203142493 Beijing ZHONGGUO XINWEN SHE in Chinese 1440 GMT 11 Mar 93

[By reporter Mao Wei (0379 7289)]

[Text] Zhuhai, 11 Mar (ZHONGGUO XINWEN SHE)—The State General Administration of Customs and the Zhuhai city government held a victory meeting today to commend and grant awards to meritorious personnel who valiantly battled a ruffian in the explosion that occurred in the port of Gongbei on 28 February.

On the evening of 28 February, a ruffian from Macao secretly brought with him a grenade and took it out of China. He resisted customs inspection and set off the grenade, injuring five customs officers. In this vicious incident, customs officers Zhou Xinquan, Lai Xiangyang, Yan Yao, Lin Jiesheng, and Zhang Weihao battled with the ruffian, paying no mind to their own safety, and ensured travelers' safety.

Yang Junsheng, director of the Guangdong Customs Suboffice, read out Tian Jiyun's written comments on this incident. The comments point out: This incident further proves that the contingent of customs cadres is a reliable contingent with combat strength.

Hence, the State General Administration of Customs and the Communist Youth League [CYL] Central Committee awarded Zhou Xinquan the honorary title of

"National Outstanding Young Customs Officer." Moreover, an order was issued to grant awards to six customs officers, including Zhou Xinquan. Zhou Xinquan got two step increases in pay and was awarded 10,000 yuan; each of the other five officers got one step increase and were awarded 5,000 yuan; and the Luggage and Goods Administrative Office at Gongbei Customs was granted a collective merit designation and was awarded 10,000 yuan. The Guangdong Provincial CYL Committee also awarded Zhou Xinquan and four other customs officers the title of "Guangdong Young Bodyguard."

The Zhuhai city government also granted a total of 1 million yuan in monetary awards to meritorious collectives and individuals, of which Zhou Xinquan was awarded 50,000 yuan; Lai Xiangyang, Yan Yao, Lin Jiesheng, and Zhang Weihao were awarded 20,000 yuan each; and Huang Xingsong was awarded 10,000 yuan. Gongbei Customs, Gongbei Frontier Inspection Station, and the public security departments and affiliated organizations were awarded 200,000 yuan each; the Fifth Detachment of the Provincial Armed Police and the Detachment of the Zhuhai City Armed Police were awarded 70,000 yuan each; and other units at the port of Gongbei also received different amounts of monetary awards.

Qian Guanlin, director of the General Administration of Customs; Liu Weiming, vice governor of Guangdong Province; Liang Guangda, Zhuhai city CPC secretary; and leaders of the CYL Central Committee, of the provincial CYL Committee as well as leading customs cadres in Beijing, Shanghai, Jiulong, Guangzhou, and so on attended today's victory meeting.

Hainan Commends Haikou Anticorruption Bureau

HK1603045093 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 3 Mar 93

[Excerpts] Yesterday [3 March] morning, the Hainan Provincial People's Procuratorate and the Haikou CPC Committee solemnly held a victory meeting in Haikou Theater to commend units and persons that succeeded in unearthing a very serious 17 October corruption case.

On 17 October last year, the Haikou Industrial and Commercial Bank reported that Xie Genhe, head of the accounting group in the Dongfeng office of the city's Industrial and Commercial Bank, made use of the convenience afforded by his post to steal bank drafts and the embossed stamp of the office, and secretly collaborated with Xiong Daoxian, manager of the Hainan Yuanyang Trading Company, and others to embezzle a total of 37.94 million yuan on 21 occasions.

Upon receiving the report, the Anticorruption Bureau of the Haikou Procuratorate resolutely took action and organized a crack force to successively conduct investigations in over 100 enterprises and institutions and over 20 banks in 15 provinces, municipalities, and autonomous regions throughout the country. Risking their lives, three times they tracked and arrested the criminals involved in the case. In only two months or so, they

unearthed this corruption case—the most serious corruption case since the founding of the PRC. The culprits have all been arrested and brought to justice, and over 20 million yuan have been retrieved in addition to two buildings, two villas, four sedans, and a number of gold articles and jewelry.

At the commendation meeting, Liang Guoqing, deputy procurator general of the Supreme People's Procuratorate, announced the Supreme People's Procuratorate's decision on commending the Anticorruption Bureau of the Haikou People's Procuratorate. The decision says: The unearthing of the very serious case of 17 October has dealt vigorous blows to and deterred criminal activities of corruption and bribery and fully displayed the irreplaceable role of the procuratorial organs which use their functions of legal supervision to punish serious economic crimes such as corruption and bribery in safeguarding the socialist modernization drive. It has also demonstrated procuratorial personnel's lofty values of being devoted to duty, being united and fighting bravely, making selfless devotion, and fearing no sacrifices, and their comparatively sharp struggle tactics and superior skills for investigations. This has further promoted the penetrating development of the struggle against corruption and bribery in the Hainan Special Economic Zone. [passage omitted]

Liang Guoqing, deputy procurator general of the Supreme People's Procuratorate; Du Qinglin, provincial party deputy secretary and chairman of the provincial People's Congress Standing Committee; Chen Yuyi, member of the provincial CPC Committee Standing Committee and secretary of Haikou CPC Committee; and Qin Xingmin, chief procurator of the provincial People's Procuratorate, made important speeches at the meeting.

Provincial and city leaders who attended the meeting also included Wei Zefang, Dong Fanyuan, Tian Zhongmu, Li Jingyun, Zeng Haorong, and others. [passage omitted]

Henan Secretary Speaks Against Fake Medicine

HK1703060293 Zhengzhou Henan People's Radio
Network in Mandarin 2300 GMT 13 Mar 93

[Text] Yesterday afternoon [13 March], provincial party Secretary Li Changchun called and chaired a meeting of the Standing Committee of the provincial CPC Committee to listen to reports given by relevant departments about the investigation of Zhoukou Prefecture's Diyi Pharmaceutical Factory manufacturing fake medicines, and studied and prepared a further and deeper inquiry into the case.

It was stated at the meeting that it is necessary to use the case as a negative educational example, deepen the fight against fakes and frauds, resolutely oppose decadence and foster honesty, save Henan's image, and make great efforts to establish a new socialist market order.

After the case of Zhoukou Prefecture manufacturing fake medicines was unearthed, it drew great attention from

the provincial CPC Committee and provincial government. In August 1992, Comrade Li Changchun gave instructions on two occasions. Comrades Wu Jichuang and Lin Yinghai also clearly instructed that the case be seriously investigated and handled.

After provincial acting Governor Ma Zhongchen assumed office in Henan, he immediately listened to reports about the case and instructed that the case be thoroughly investigated. The provincial government then promptly organized nine units to join the investigation team. They are the Technology Supervisory Bureau, the Technology and Economy Bureau, the Technology Inspection Committee, the Supervision Department, the Public Security Department, the Public Health Department, the Bureau of Industry and Commerce, the Medicine Bureau, and the Agricultural Affairs Bureau. They have conducted joint operations with the investigation team headed by the Ministry of Supervision. During the process of investigation, the administrative office of Zhoukou Prefecture actively cooperated in work. Details about the case have now basically been made known.

Yesterday afternoon, after listening to investigation reports about the case, members of the standing committee of the provincial CPC Committee in Zhengzhou held thorough discussions. Li Changchun made an important speech.

The work of the joint investigation team was affirmed at the meeting, and it was agreed: Zhoukou Prefecture's Diyi Pharmaceutical Factory has manufactured fake medicines for so long a time, in so large a quantity, with so vicious a means, and caused such serious danger, that it is truly rare throughout the country. The fact that the case was unearthed and investigated is a very important achievement in the province's fight against fakes and frauds and has removed a stumbling block for us to further reform and open up, quicken the modernization drive, filter the economic environment, and improve the investment environment. The case warns us that in deepening reform, expanding opening up, and developing the socialist market economic system, CPC committees and governments at all levels must maintain sharp vigilance and make efforts to overcome bureaucracy in work. It is necessary to stick to paying simultaneous attention to both economic invigoration and supervision and to both economic development and rule by law. It is necessary to pay close attention to the anticadecence struggle at all times, strengthen party discipline, and foster honesty. It is necessary to establish the concept about its overall importance and overcome regional protectionism.

The meeting demanded: For the investigation and handling of this kind of case, it is necessary to, on the basis of obtaining phased achievements, continue to strengthen leadership, press on, advance in the wake of the success, and continue to make a deep inquiry. Relevant departments, including discipline inspection, supervision, public security, procuratorial, industry and commerce, technology supervision departments, and the administrative office of Zhoukou Prefecture, must work

closely with one another to probe the case deeply, make a thorough investigation, and strive to find out all the details about the case as soon as possible.

The meeting demanded using the case as a negative educational example, draw inferences about other cases from it, sum up experience and lessons, promote the launching of the province's fight against fakes and frauds and the anticadecence and pro-honesty campaign. CPC Committees and governments at all levels must place the fight against fakes and frauds on the important agenda, teach vast numbers of party members and cadres to endure the tests of being in power, of reform and opening up, and of developing socialist market economy so that impartial justice can be administered. It is necessary to further perfect various regulations and systems, strengthen the supervision and management of important products that are closely bound up with the national economy and the people's livelihood, and correctly understand the importance of the unity between the fight against fakes and frauds and the development of township and town enterprises. Continue to develop township and town enterprises on the one hand and resolutely curb and deal blows to a few criminals who use various opportunities to engage in illegal and criminal activities, thus enabling the province's township and town enterprises to develop on the right and healthy track.

Hubei Leaders Meet Beijing Journalist Group

HK1603082993 Wuhan Hubei People's Radio Network
in Mandarin 1000 GMT 13 Mar 93

[Text] The Journalist Group To Write Notes on a Trip of 10,000 Li in Southern China, formed by eight press units from the capital, including RENMIN RIBAO, arrived in Wuhan on the afternoon of 12 March. The group will conduct a three-day news-gathering activity, centering around the conditions of quickening the pace of reform and opening up and about economic construction in our province.

Leading comrades of the provincial party committee and government including Guan Guangfu, Li Daqiang, and Wang Zhongnong met with the journalist group in Wuchang this morning. They were also interviewed on issues concerning the province.

Guan Guangfu said: The openness and development of the Chang Jiang Economic Belt with Shanghai as a dragon head have provided a historic opportunity for reform, opening up, and development of our province in establishing the Hubei Chang Jiang Economic Belt with Wuhan as a dragon head. Over the past year, in order to seize this opportunity, the provincial party committee and government have adopted some unusual measures, and reform and opening up in Hubei has entered a completely new stage.

Touching on how to invigorate large and medium enterprises, Guan Guangfu said: We have focused our work on grasping the implementation of rejuvenation plans of

the old industrial bases in 50 enterprises and the small-size resource development plans in 31 enterprises, comprehensively carrying out the regulations, transforming operational mechanisms, and pushing enterprises into markets. At the same time, we have also paid particular attention to the work of screening assets and checking capital, making decisions on property rights, and pushing forward the shareholding system. In the next five years we will achieve the goal of 100 large and medium enterprises having undergone grafting [jia jie 1268 2234] transformation from high starting points, 100 enterprise groups handling export businesses by themselves, and 100 township and town enterprises whose output value exceeds 100 million yuan each.

Li Daqiang, member of the provincial party committee and vice governor, also answered reporters' questions on the development of export-oriented economy, the reduction of peasants' burdens, the growth of township and town enterprises, and so on. In talking about developing township and town enterprises, Li Daqiang said: The growth of township and town enterprises in our province is slow, which is a drag on the entire economic development. The provincial party committee and government are determined to increase the output value of township and town enterprises throughout the province from 50 billion yuan last year to 70 billion yuan now, and to 100 billion yuan in 1995 by allowing them to develop, from now on, at an extraordinary speed, through extraordinary measures, and with extraordinary input.

Southwest Region

Scholar Discusses Tibetans' Human Rights

OW1703034193 Beijing BEIJING REVIEW in English
No 11, 15-21 Mar 93 pp 18-20

["Excerpts" of interview with Li Yan, scholar of Tibetan history, by staff reporter Lin Liangqi; place and date not given: "How the Tibetans Won Basic Human Rights"]

[Text] **QUESTION:** By the late 1950s, the feudal serfdom had been holding sway in Tibet for 1,000 years. How did the Tibetan people win basic human rights after its fall?

ANSWER: The 17-Article Agreement signed in 1951 by the central people's government and the local government of Tibet, which concerned the peaceful liberation of Tibet, stipulated that Tibet's social system would be reformed at a time determined by the Tibetan people and leading personnel. Taking into consideration Tibet's history and the situation at that time, the central government decided in 1956 to effect "no changes for six years." They would wait for the awakening of people in the upper echelon of the ruling class. Separatists in the upper ruling class, however, staged an armed rebellion in 1959 to defend the rotten feudal rule of serf-owners. When the rebellion was calmed, democratic reforms were initiated according to the aspirations and demands of the Tibetan people, patriotic and progressive individuals in the upper class included. The aim was to abolish

the cruel and dark feudal serfdom and win for the million slaves and serfs who had for 1,000 years been treated as "talking horses and cows" the right to live as human beings. During the very democratic reform, the Tibetan people did win basic human rights.

Q: How was the democratic reform carried out in Tibet?

A: The democratic reform began with the effort to put down the armed rebellion. In rural areas, efforts were made first to oppose the rebellion, *ula* corvee labor and enslavement, and to reduce rent for land and interest on loans, then efforts were made to divide up land and give it to all people, including former serf-owners and their agents. In pastoral areas, a new policy was adopted. Under the policy, cattle and sheep previously owned by estate-holders and their agents involved in the armed rebellion were distributed to herdsmen on the principle of "one owns what he herds." With regard to those estate-holders not involved in the armed rebellion, a policy was introduced to benefit both the hired herdsmen and the owners of the animals. On this basis, efforts were made to oppose rebellion, *ula* corvee labor and enslavement. With regard to temples and monasteries, efforts were made to abolish feudal prerogatives, and exploitation, separate the temporal and religious administration, and guarantee religious freedom. In urban areas, efforts were made to oppose rebellion, feudal prerogatives, exploitation and enslavement. A new policy was introduced to protect industry and commerce, including industry and commerce run by serf-owners and agents who were not involved in the armed rebellion.

During the democratic reform, the means of production of rebel serf-owners were confiscated and distributed among the ex-serfs and slaves. But for serf-owners and agents who were not involved in the rebellion and for the temples and monasteries, peaceful reform was upheld. The people's government, in line with a policy of redemption, bought their means of production for distribution among the ex-serfs and slaves. A rough calculation shows that 45.75 million yuan in redemption funds were paid out. By the end of February 1962, some 1,300 redemption households were given refunds. Namdan Wangqiu, nephew of the 13th Dalai Lama and a *Sicab* official, was one of the nobles who owned most land. He was not involved in the armed rebellion and received a refund from the government, which also made good arrangements for his future livelihood. Similar arrangement were made for serf-owners, their agent and herd-owners who had not been involved in the armed rebellion.

Q: You said the Tibetan people won basic human rights during the democratic reform. Could you please explain this in more detail?

A: During the democratic reform, the Tibetans won the following human rights, which I think will satisfactorily answer your question.

First, the Tibetan people won the right to be treated as human beings. In the past, 95 percent of the Tibetan population were serfs and slaves who, belonging to the

three estate-holders—officials, monasteries and nobles—were without any personal freedom. The democratic reform abolished the system of assigning people into three classes and nine ranks. Former serfs and slaves won the right to be human beings. They could no longer be sold, leased, transferred, used as collateral or given as presents.

Second, the Tibetan people won economic rights. During the democratic reform, the serfs and slaves were given land and animals. They no longer had to suffer from exploitation in the form of *ula* corvée labor, exorbitant taxes and levies, and usurious loans. Gone were the days when they toiled day and night for the herdsman and estate-holders, who often whipped or clubbed them. Gone also were the days when they suffered from unbearable exploitation and enslavement by the serf-owners. When means of production were distributed to the former serfs and slaves, they cried with joy. In a village in Darze County, a 60-year-old woman immediately started dancing while the others present on the occasion clapped for her, and for their own, emancipation. Some even rushed to their new plots of land and rolled on the ground in happiness and excitement. In Lhasa, a 70-year-old ex-serf kissed a milk cow he had just been given. The democratic reform greatly fired the enthusiasm of the farming and herding people, putting an immediate end to the worsening economy and the 200 year history of stagnant or failing grain production. In 1959, the first year of the democratic reform, there was a bumper harvest of grain, with the total output shooting up 4.8 percent over the previous year. In 1960, grain output jumped up 27.5 percent and the number of stock 10 percent over 1959 figures. Life in Tibet had improved greatly. Prior to the democratic reform there were 5,000 beggars in Lhasa, which then had a population of 37,000, and 3,000 beggars in Xigaze, which had a population of less than 10,000. Today, the overwhelming majority of the farming and herding people have adequate food and clothing, and a considerable number of them have ridden the ongoing economic structural reform to affluence.

Third, the Tibetan people won political rights. The democratic reform made it possible for former serfs and slaves to become masters of their own fate and of Tibetan society. During the reform, impoverished serfs and slaves won the right to vote and stand for election. For the first time in history, they raised their hands to elect their own village and township leaders. The first leader in the town where Serxin Manor, once owned by the Dalai clan, was located was Doje. He used to be a slave who herded donkeys for the manor. The second-term leader was a house slave who had belonged to the Birongxag family. The third-term leader was also a house slave, this one once owned by the Danmaxig family. In September 1965 the First Session of the first People's Congress of the Tibet Autonomous Region was held. The overwhelming majority of the deputies were emancipated serfs and slaves, with others being patriotic people and religious figures. Today, most chairmen of the people's congress standing committees (equivalent to a parliament) of the 75 counties (cities and districts) are ex-serfs and slaves. Women who groaned at the bottom of the social strata of old Tibet have also made

their way to leading positions. Women cadre's now account for upwards of 30 percent of all cadres in the autonomous region.

The above shows that the Tibetan people won basic human rights after the 1959 democratic reform, and that this has been a most significant change for the Tibetan people.

North Region

Inner Mongolia's Wang Qun on Intellectuals

SK0803120093 Hohhot NEIMENGGU RIBAO
in Chinese 30 Jan 93 p 1

[Preface written by Wang Qun, secretary of Inner Mongolia Autonomous Regional CPC Committee, for the book entitled "The Working Art of Leadership Over Intellectuals' Affairs"]

[Text] The issue concerning intellectuals' affairs represents an important matter to which our party has always attached great importance. The work to deal with intellectuals' affairs is an important aspect in the party's work as a whole. Over the past several decades, our party has concentrated its tremendous efforts on successfully conducting the work of intellectuals' affairs; created many successful experiences; and also committed some faults and errors. The 14 years after the Third Plenary Session of the 11th CPC Central Committee represents the period of creating a new situation in the socialist undertakings and also the period of composing a new chapter in the work concerning intellectuals' affairs. In May 1977, Comrade Deng Xiaoping pointed out in his important speech: "It is imperative to create an atmosphere of respecting knowledge and talented personnel." In his noted speech made at the national scientific conference in March 1978, he again put forward the scientific thesis of "Intellectuals Belonging to a Part of the Working Class." The above mentioned important thought of Comrade Xiaoping represents the fundamental basis of correcting that which has been thrown into disorder in the problems concerning intellectuals' affairs, has set a scientific basic theory for the work of intellectuals' affairs, and has become the important content of the theory of building socialism with Chinese characteristics. Over the past 14 years, our party has formulated a series of important measures by proceeding from the reality of our country's work concerning intellectuals' affairs and from the demands of national and international development in the economy as well as in science and technology to actively improve the working and living conditions of intellectuals and to vigorously create a good environment favorable for talents to show themselves and for intellectuals to put their ability to good use. It has scored marked achievements in this regard. Particularly through the reform in the systems of science and technology and education, and of management over intellectuals, our party has also extremely aroused the broad masses of intellectuals to enhance their sense of responsibility in being the masters of their own affairs and to heighten their enthusiasm of creation and has

brought into play the enthusiasm of intellectuals in devoting themselves to the undertakings of building socialist modernizations and their spirit of actively composing new historic chapters. The party's work concerning intellectuals' affairs has become unprecedentedly vigorous and fully effective.

The 14th CPC Congress represents another milestone in the party history. The congress' spirit is focusing on the point in which by regarding as a guidance the theory of Comrade Xiaoping with regard to building socialism with Chinese characteristics, the party is mobilizing all party members and the people of various nationalities across the country to further emancipate their minds; to seize the favorable opportunity; and to accelerate the reform, opening up, and modernization so as to win a still greater victory in building socialism with Chinese characteristics. To this end, it is imperative to accelerate the scientific and technological progress; to vigorously develop education; and to attach high importance to or bring into play the role of intellectuals. As Comrade Jiang Zemin pointed out in his report made at the 14th CPC Congress: "Intellectuals belong to a part of the working class; possess more scientific and cultural knowledge; represent the pioneers of advanced productive forces; and are playing a specially important role in the programs of reform, opening up, and modernizations. Whether we can bring into full play the talent of intellectuals can decide to a great extent the rise and fall of our nation and the progress in building modernizations."

The starting point and fundamental tasks in the party's work of intellectuals' affairs are to create a good environment and conditions for intellectuals to give play to their ability and to bring to a maximum their intelligence and wisdom and their "especially important role" into play. To successfully fulfill these tasks, we should earnestly probe the objective law of the party's work of intellectuals' affairs under the new situation. The age we are in has its unique characteristics, and intellectuals governed by the party's work belong to a part of the working class, which has a distinctive character. Therefore, the work of intellectuals' affairs during the new historic period will naturally have its especially internal law and will be different from the work of the last era and from the party's work in other fields. In order to make the work of intellectuals' affairs become more effective, we should engage in multiple studies and explorations by regarding as a guidance the theory of building socialism with Chinese characteristics and by applying the Marxist stance, viewpoint, and methods. We should not only study the relevant principles and policies but also the working method and art of leadership over the intellectuals' affairs. Only by so doing can we steadily strengthen the scientific nature, creativity, and anticipation of the work of intellectuals' affairs.

In the book entitled "The Working Art of Leadership Over Intellectuals' Affairs," relatively systematic studies and explorations in this regard have been carried out and

have certain theoretical and practical value. The publication of this book will certainly play an active role in deeply implementing the spirit of the 14th CPC Congress, promoting leading personnel at all levels to upgrade their working art of leadership over intellectuals' affairs, and further enhancing or improving their work of intellectuals' affairs. Wang Qun extends cordial greetings to the publication of this book and also wishes that more leading personnel and specialized workers will engage in studies and explorations in this regard.

Tianjin's Nie Bichu Addresses Party Meeting

SK1203012993 Tianjin People's Radio in Mandarin
2300 GMT 10 Mar 93

[Text] The Tianjin Municipal CPC Standing Committee held its enlarged meeting on the afternoon of 10 March to relay the spirit of the Second Plenary Session of the 14th CPC Central Committee. It was stressed at the meeting that in studying and implementing the work arrangements adopted at the second plenary session, efforts should be made to seize the opportunity, to deepen the reform, to accelerate the development, and to concentrate efforts on boosting the municipality's economy.

Nie Bichu, acting secretary of the municipal party committee, presided over and addressed the enlarged meeting. Attending the meeting were members of the municipal party standing committee; members and alternate members of the CPC Central Committee who are currently in Tianjin; responsible comrades from the municipal Advisory Committee, the municipal People's Congress Standing Committee, the municipal people's government, and the municipal Chinese People's Political Consultative Conference [CPPCC] committee; responsible comrades from the municipal planning commission; and principal responsible comrades from the municipal level departments, commissions, and offices as well as from the relevant units—more than 120 in total.

During the meeting, the important speech given by Comrade Jiang Zemin at the Second Plenary Session of the 14th CPC Central Committee was relayed.

Nie Bichu said in his speech: The second plenary session is a very important meeting that will certainly play a tremendous role in accelerating the reform, opening up, and modernizations in the country; in promoting the reform in the political systems; and in building socialist politics. Meanwhile, the second plenary session has made ideological and organizational preparations for the coming first session of the Eighth National People's Congress and the first session of the Eighth National CPPCC Committee. We must earnestly study and implement the spirit of the second plenary session, seize the opportunity, deepen the reform, broaden the opening up, enforce in an overall way the development strategy, and concentrate our efforts on boosting the municipality's economy.

Nie Bichu said: In studying and implementing the spirit of the second plenary session, it is important for us to

heighten our spirit; to truly grasp the study and implementation; to do practical deeds in work; to seize the current favorable opportunity; and to do a good job in earnestly carrying out the work in various fields across the municipality. First, we should vigorously carry out the 55 key projects formulated in line with the main working points of the municipal party committee. According to the demands set by the municipal party committee, we should actively develop the work and vigorously implement the projects as soon as possible. The municipal party committee and the municipal people's government should organize their special forces to conduct supervision and inspection over the study and implementation. Second, a good job should be continuously done in conducting the production of industry and agriculture and grasping the reform work. Efforts should be made to adopt effective measures to ensure the stable growth of production throughout the municipality. A good job should be done at present in conducting the work of spring farming and of combating drought. Efforts should be made to enhance the leadership and guidance over the rural work and to protect or successfully bring into play the enthusiasm of peasants. We should also consolidate in a comprehensive way the money-losing enterprises and reinforce the strength of switching losses to profits so as to enable various reform measures to be oriented onto the track and be begun as soon as possible. Third, we should be actively prepared for the municipal party congress, the session of the municipal People's Congress, and the session of the municipal CPPCC committee. Fourth, we should actively and adequately promote the reform among organs. Fifth, we should further consolidate or develop the municipal situation of unity and stability and make contributions to convening the municipal party congress and the sessions of the municipal people's congress and the municipal CPPCC committee.

Tianjin Congress of Lawyers Ends 10 Mar

*SK1203033693 Tianjin People's Radio in Mandarin
2300 GMT 10 Mar 93*

[Text] The Third Congress of the Tianjin Municipal Lawyers Association concluded on 10 March after a two-day session. It was pointed out at the congress that efforts should be made to continuously deepen reforms in the municipal bar system. The administrative system of lawyers' offices should be changed. These offices should orient their business on the service industry track, end restrictions of the state establishment, and develop branch offices of nonadministrative lawyers at multiple levels, through multiple channels. Efforts should be made to enhance the management of lawyers' offices to upgrade their efficiency and quality of work. By regarding the market economy as a guide, efforts should be made to further improve the managerial systems of lawyers and to establish the working mechanism suitable to the market economy system. While developing and improving the contingent of lawyers, we should continuously upgrade their quality.

During the congress, the delegates approved the work report made by the second council of the municipal lawyers' association and the constitution of the association. They also elected a new council with (Liu Guangdi) as president of the association and with (Nie Zhong), concurrent secretary general of the association, and others, as vice presidents of the association. Meanwhile, the municipal lawyers association appointed Lu Xuezheng as its honorary president.

Northeast Region

Activities of Heilongjiang's Sun Weiben Noted

Attends Judicial Forum

*SK1203000293 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 10 Mar 93*

[Text] The provincial meeting of directors of city and prefectural judicial bureaus ended on 10 March. It was proposed at the meeting that the judicial and administrative departments at all levels should actively provide legal services and legal guarantee for building the socialist market economic system and for the whole province's reform, opening up, and economic construction on their own initiative.

The meeting pointed out: During the market economic system transitional period, the status and role of the judicial and administrative departments are very important. They are exercising important functions in fighting against criminal offences and protecting the people. Along with the development of the market economy, law-breaking activities and criminal offenses will not decline in number within a certain period of time. Serious criminal offenses will increase. Particularly, cases of recurring crime by criminals who have been released after completing their prison term and by those who have been released on parole have still remained the striking social security problem. Therefore, how to improve the quality of transforming criminals and how to reduce the number of cases of recurring crimes constitute one of the important tasks of comprehensively improving the society security. So, the reform-through-labor and reform-through-education organs are shouldering direct duties, responsibilities, and tasks. The judicial and administrative departments are shouldering the functions of providing legal service for the market economy. The building of market economy will inevitably involve the readjustment of relations of interest of various sectors and cause social contradictions. If the legal service cannot keep pace with this, it will be impossible to have a stable market order. There are bright prospects for developing the lawyer, notary, and legal service industries in townships and towns under the new situation. It is also imperative to build a unified legal consulting service market. The judicial and administrative organs should do a good job in managing and building the legal consulting service market.

At the meeting held on 10 March, provincial leaders, including Sun Weiben, Shao Qihui, Zhou Wenhua, Xie Yong and other comrades presented certificates of citation to the collectives and individuals who were named department-level civilized units for their meritorious services.

Addresses Cadre Meeting

SK1203093393 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 11 Mar 93

[Text] On the afternoon of 11 March, the provincial party committee held a meeting of party members who are principal responsible cadres of provincial-level units to relay the guidelines of the second plenary session of the 14th party Central Committee. The meeting was presided over by Sun Weiben, secretary of the provincial party committee. He first relayed the guidelines of the second plenary session of the 14th party Central Committee. Sun Weiben said: The second plenary session of the 14th party Central Committee came to an end a few days ago. At this plenary session, Comrade Jiang Zemin gave an important speech. The plenary session discussed and adopted the plan on party and government organizational reform and the list of persons recommended to the first session of the eighth National People's Congress [NPC] to serve as leading members of the state organs and the list of the persons recommended to the first session of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC] to serve as national CPPCC leading members. In the speech given at the second plenary session, Comrade Jiang Zemin explicitly pointed out that the whole party should seize opportunities, deepen reform, expand the degree of opening up, concentrate energy on pushing the economy forward, and strive to make continued efforts to comprehensively fulfill all tasks set by the 14th CPC Congress.

Sun Weiben said: The objective is now clear and definite. The principles have been defined and the tasks have been clearly explained. Currently, our most important task is to actively and conscientiously implement the guidelines of the second plenary session of the 14th party Central Committee, relay the plenary session guidelines to all levels in line with the central demand, and carry out the plenary session guidelines where needed.

Tian Fengshan, deputy secretary of the provincial party committee, and Chen Yunlin, vice governor, also respectively relayed the guidelines of the second plenary session of the 14th party Central Committee. Party members who are principal responsible comrades of various provincial departments; our province's party-member deputies to the first session of the eighth NPC; Li Jianbai, NPC Standing Committee member; and provincial veteran comrades including Zhao Dezun, Wang Zhao, Chen Jianfei, and Wang Luming, attended the meeting.

Heilongjiang Family Planning Conference Opens

SK0603073993 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 5 Mar 93

[Text] The provincial family planning work conference opened in Harbin today. Shan Rongfan, deputy secretary of the provincial party committee, stressed in his speech: The provincial party committee and the provincial government have called on us to strengthen, rather than loosen, family planning work and to firmly, practically, and successfully grasp population control to ensure that the province's economic construction will proceed to a new stage.

At present, the overall level of the province's population control is among the best in the country, and family planning work has provided a favorable population environment for invigorating Longjiang and for promoting the coordinated development of the economy and society. However, some localities have relaxed the leadership over family planning work and some other localities again witnessed the cases of early marriage, early child-bearing, and above-quota child births. We should pay high attention to these problems and adopt practical measures to solve them.

Comrade Shan Rongfan pointed out: At present, while concentrating our energies on grasping economic construction, we must persistently grasp both production and family planning. Party committees and governments at all levels must closely combine population control with economic development in line with this demand and give consideration to and make arrangements for both of them. We should seriously and conscientiously implement the province's regulations and pertinent policies on family planning. Severe punishment should be given to the party members and cadres who violate family planning policies.

At today's conference, Vice Governor Zhou Tienong gave a work report entitled "Keep Abreast of the New Situation, and Again Embark on a New Stage." In his report, he set the province's family planning targets for the end of this century as: Controlling the natural population growth rate within 10 per 1000, striving to control the province's total population within 37.6 million in 1995 and within 39.9 million by 2000, and continuing to maintain the province's leading position in the country in terms of family planning work.

Heilongjiang Agricultural Conference Ends 4 Mar

SK0603064393 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 5 Mar 93

[Text] The provincial agricultural work conference ended in Wuchang County on 4 March. The conference called on all rural areas to make good arrangements for the crop plan and to ensure the supply of funds, materials, and technology to rapidly set off an upsurge in preparations for spring plowing.

This year, there are both good and bad news for the province's spring plowing preparations. Conspicuous problems are: It will be difficult to produce and supply goods and materials to lower levels. Owing to the excessively sharp increase in the prices of means of production, the benefit from grain growing is relatively low, and thus peasants' enthusiasm in growing grain is not as high as in past years.

The conference demanded: In making preparations for spring plowing, all rural areas must make good arrangements for the crop plan, guide peasant households to arrange for their crop plan in line with market demand, ensure and stabilize the acreage sown to major grain crops, successfully distribute and supply funds and such major means of production as chemical fertilizer and diesel oil, successfully supply seeds, and expand [words indistinct]. In terms of technology, we should spread technology to all peasant households and plots level by level in line with the technology spreading plan.

Heilongjiang Arrests Two People With Explosives

SK1403030893 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 13 Mar 93

[Text] To ensure the safety of railway transportation during the convocation of the First Session of the Eighth National People's Congress Session and the First Session of the Eighth National Committee of the Chinese People's Political Consultative Conference, the Harbin Railway Station has strengthened investigations into inflammables. Over the past few days, the station investigated more than 100 dangerous goods. Dozens of persons carrying dangerous goods were respectively detained or punished.

On 12 March, (Zhang Hongwei) and (Zhang Hongyu), two unemployed brothers in Huanan County, carrying eight electric [words indistinct] tubes and 1.1 kilograms of nitro-explosives, arrived in Harbin by bus. When planning to continue their trip by train at the Harbin Railway Station, they were investigated by the people's policemen on duty. Now, they have been arrested.

World Bank Aids Liaoning Afforestation Project

SK1203025193 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 11 Mar 93

[Text] The state afforestation project developed in Liaoning with World Bank loans was 50 percent completed in half the time planned. The provincial forestry department organized the project to plant 70,000 hectares with larch trees with the loans provided by the International Development Association of the World Bank. The project is distributed throughout seven cities, 15 counties and districts, 176 towns and townships, and 35 state forest farms in the province. Thanks to more than two years of hard work, 35,700 hectares of larch trees have been planted, accounting for 51 percent of the task. In addition, the tasks to build experimental forests, model forests, forests for intermediate experiments, female tree

forests, and sample forests for monitoring environmental protection have also been completed. Our afforestation quality meets world standards.

Northwest Region

Gansu Secretary Praises Scientific Personnel

HK1303045093 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 11 Mar 93

[Text] The following is the opening speech made by Gu Jinchi, provincial party secretary, for the special report, Star of Science and Technology, which is jointly sponsored by this radio station, the Organization Department of the provincial party committee, and the provincial Personnel Bureau, Science and Technology Commission, and Association of Science and Technology.

The special report: Star of Science and Technology

[Begin Gu Jinchi recording] Comrades, the aim of the special report, Star of Science and Technology, jointly sponsored by the provincial radio station, party committee Organization Department, Personnel Bureau, Science and Technology Commission, and Association of Science and Technology, is to introduce individuals on the province's scientific and technological front who have performed meritorious service, so that people throughout the province will learn about the valuable spirit of these scientific and technological experts who quietly and selflessly dedicate themselves to the rejuvenation of Gansu's economy, and to create a fine atmosphere of respecting science, technology, knowledge, and talent throughout society.

At present, our province boasts a certain actual scientific and technological strength and a relative advantage in the country. However, the distribution of scientific and technological strength still fails to suit the requirements of economic development. The crux of accelerating the province's economic growth and fulfilling the tasks of invigorating Gansu through application of scientific and technological advances lies in relying on talented personnel. In this sense, the full display of the wisdom, intelligence, initiative, and creativity of scientific and technological personnel is of particular importance.

Over the past few years, the idea of science and technology being primary productive forces has increasingly struck root in the hearts of the people. We should conscientiously put into practice the principle of economic construction, relying on science and technology being oriented to the needs of economic construction, and expedite the transformation of scientific and technological achievements into productive forces. Substantial and useful work has also been done in our province in the area of arousing the enthusiasm of scientific and technological personnel, and of others. Under the situation of financial difficulty, the outlay of scientific research has increased to a certain extent every year, and working and living conditions of most scientific and

technological personnel have noticeably improved, which has created a comparatively good environment and conditions for them to keep their minds on scientific research to attain more and faster achievements.

In a bid to commend and encourage experts, academics, and technicians who have made outstanding contributions, the state has also exerted great efforts in this respect, by earmarking a certain amount of funds for special government subsidies for them every year, and a grand total of 365 people in our province have received such benefits. Pertinent departments are making further efforts to sum up experience and improve methods so that this work will be standardized and legalized incrementally.

The provincial broadcasting station and other units will conduct the special report, Star of Science and Technology, to systematically promote scientific and technological experts on various fronts. This is very good, with which I fully agree. I sincerely hope that this special report will be conducted properly with distinctive features. Through the report, we will be able to further increase the awareness of science and technology among all the people and promote the close integration of production with science and technology. May ever more stars of science and technology sparkle over the vast land of Gansu and give impetus to the realization of the second-step strategic objectives in the province. [end recording]

Qinghai Economic Restructuring Meeting Closes

HK0803073093 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 2 Mar 93

[Text] The provincial economic restructuring meeting, which lasted four days, concluded on 1 March in Xining. Yin Kesheng [party secretary], Wang Hanmin, Bainma Dandzin, and other leading cadres attended the meeting. The provincial economic restructuring meeting was convened for this province to implement and bring into effect the 14th CPC Congress spirit. At the meeting, all attendees exchanged experiences in reform and also had a lively discussion on such issues as the socialist economic system. The meeting attendees suggested that as far as reform this year is concerned, this province will stress the following several aspects of work: Expediting the pace of transforming the operational mechanism of state-owned enterprises, vesting decisionmaking powers to enterprises according to law, actively exploring and promoting multiple forms of operation, conscientiously grasping well the readjustment of enterprise organization structural systems, and expanding the joint stock pilot scheme. In addition, further explorations are being made for transforming government functions, carrying out organizational restructuring, establishing a system of macroscopic regulation and control at the provincial level, and promoting reform in the insurance system, and so on. Yin Kesheng, provincial party secretary, and Wang Hanmin, vice governor, separately set, in light of the situation, specific requirements on reform, on

granting decisionmaking powers to enterprises, on administrative restructuring, and on other matters.

Snow Kills 300,000 Head of Cattle in Qinghai

OW0803102793 Beijing XINHUA in English
0916 GMT 8 Mar 93

[Text] Xining, March 8 (XINHUA)—Local governments and herdsmen have been thrown into disaster-relief activities these days in the snowstorm-stricken areas in southwest China's Qinghai Province.

Heavy snow blanketed the pastoral areas in Huangnan, Guoluo and Yushu Tibet Autonomous Prefectures from the beginning of January to the end of February this year.

Up to now, the snowstorms have killed more than 300,000 head of livestock and caused thousands of people to suffer from frostbite and snowblindness.

Unrelenting snow buried grazing areas and, as a result, a large number of livestock have died from starvation or lack of shelter. Snow-covered roads also made relief work more difficult.

At present, the provincial and local governments are organizing the herdsmen to fight the disaster. Throngs of officials have gone down to organize direct assistance to herdsmen.

The roads have been reopened and large amounts of grain, fodder and oil have been transported to the area. Meanwhile, groups of medical workers have been sent to the area to treat the injured.

Yushu Prefecture has allocated 150,000 yuan and transferred more than 100 tons of goods and materials to help mitigate the effects of the disaster.

Huangnan Prefecture has allocated 4 million yuan and a donation of 200,000 yuan has been offered to the herdsmen.

Monk Becomes 14th Saichi Living Buddha in Qinghai

OW0503124993 Beijing XINHUA in English
0942 GMT 5 Mar 93

[Text] Xining, March 5 (XINHUA)—A grand bed-sitting ceremony for the 14th Saichi Living Buddha was recently held at the Gumbum Monastery in Huangzhong County, in northwest China's Qinghai Province.

Nearly 10,000 people attended the ceremony, including Buddhists, government officials and laymen.

After the rite, 23-year-old Qujielozhe became the monastery's first incarnate Living Buddha since 1958, according to well-informed sources.

The 13th Saichi passed away in 1960. The search for the reincarnation of the Saichi was inaugurated in

November 1992 and ended on January 27 of this year, strictly in accordance with proper religious procedures, the sources said.

Before being confirmed as the reincarnation of the Saichi Living Buddha, Qujielozhe, whose parents are farmers in Hualong County, Qinghai Province, studied Buddhist scriptures at a Tibetan monastery in the Huangnan Tibetan Autonomous Prefecture of the province, according to the sources.

Shaanxi Governor Discusses Market Economy Work

HK0503145593 Xian Shaanxi People's Radio Network in Mandarin 0010 GMT 26 Feb 93

[Excerpts] During a work inspection tour of Ankang Prefecture from 23 to 25 February, provincial Governor Bai Qingcai pointed out: For emancipating the mind and changing concepts, it is necessary to proceed from reality, find out the differences, and try hard to catch up. In order to practice the socialist market economy, it is necessary to have concepts about market economy and commodity economy. The conceptual change from the natural economy to the market economy is a change in the way of thinking. If we succeed in making a leap in this cognition, it will form an enormous material force promoting reform and opening up in economic development. During his inspection tour of Ankang, he listened to economic work reports by the administrative office of Ankang Prefecture, the Ankang City Government, and the Governments of Langao and (Pingli) Counties. He also conducted a thorough inspection and study about

the question of economic development deep among a dozen or more enterprises in cities, counties, and towns and Langao County's (Liukou) Township.

Bai Qingcai fully affirmed Ankang's economic development in recent years and emphasized: In emancipating the mind, it is surely necessary to take into consideration the reality. For the time being, we cannot compare ourselves with developed coastal areas so far as the objective conditions are concerned. But if we do not continue with arduous efforts with the reason that it is very difficult to change our backward conditions and feel at ease about this, and if we only wait for people from the outside to come, help, and lead us, it will amount to the theory that conditions alone decide everything and we will lose the subjective activity of communists and lose the historical responsibility of communists in transforming the old world. [passage omitted]

Backward concepts naturally affect thoughts, decision-making, and action. Now that we are practicing the socialist market economy, we must have concepts about market economy and commodity economy. With these concepts, we will first of all consider whether our products are marketable for our production and how we will enable our products to enter the market as soon as possible and obtain good returns. With these concepts, it will make increasingly pressing demands on infrastructure such as communications and traffic. With these concepts, it will change the spirit into materials and enable our advantage in terms of resources to bring forth wealth, and we will be able to achieve an economic ascent and takeoff depending on the rich resources.

Threat of U.S. Retaliation 'Still Exists'

OW1703080793 Taipei CNA in English 0738 GMT
17 Mar 93

[Text] Taipei, March 17 (CNA)—Vice Economics Minister Sheu Ke-sheng said Wednesday [17 March] that the pressure of possible U.S. trade retaliation still exists despite the recent conclusion of a round of negotiations over disputes regarding ROC [Republic of China] intellectual rights protection [IPR].

Sheu returned from the U.S. Wednesday morning after attending the Washington negotiations from March 8-12.

He said that during the negotiations the two parties focused on topics regarding bilateral IPR agreements and law enforcement in Taiwan.

While there are still disagreements between the two parties, Sheu said that the threat of possible U.S. trade retaliation still exists. He added that "we should apply greater effort" to remove the threat.

President Thanks U.S. Office on GATT Support

OW1703082393 Taipei CNA in English 0742 GMT
17 Mar 93

[Text] Taipei, March 17 (CNA)—President Li Teng-hui, on behalf of the Government of the Republic of China [ROC], expressed his appreciation to Natale H. Bellocchi, chairman of the American Institute in Taiwan (AIT), for the support extended by the United States in backing the ROC's application to the world trading body General Agreement on Tariffs and Trade.

Bellocchi, accompanied by Thomas S. Brooks, AIT director-general, called on President Li Tuesday [17 March]. Also present were Tsiang Yen-si, secretary-general to the president, and Fang Chin-yen, deputy foreign minister.

President Li, concerned about the U.S. Government position toward Asia as well as its economic and political policies, discussed and exchanged views with Bellocchi on a wide range of topics of mutual interest.

Stressing that bilateral exchanges in a diversity of fields have advanced a great deal in recent years, President Li also expressed optimism about future ROC-U.S. ties.

This is Bellocchi's fourth visit to the ROC since he assumed the AIT chairmanship. This trip is a routine working visit to inspect AIT operations in Taipei and Kaohsiung.

GATT Official Arrives for 4-Day Visit

Speaks With Premier

OW1703081493 Taipei CNA in English 0752 GMT
17 Mar 93

[Text] Taipei, March 17 (CNA)—Premier Lien Chan told a ranking GATT (General Agreement on Tariffs and

Trade) official Tuesday [16 March] that the Republic of China [ROC] is willing and eager to help promote world free trade.

Lien made the remarks while meeting with Charles Carlisle, deputy secretary-general of GATT, who arrived here March 13 for a four-day visit.

During the meeting, Carlisle answered questions raised by Lien on the possible difficulties the ROC may meet in its application for membership to GATT, the Geneva-based world free trade promotion organization.

Carlisle said that the ROC application, presented in January 1990 under the name of "Taiwan, Penghu, Kinmen and Matsu Customs Territory," has been progressing smoothly.

GATT formed a working group last year to screen the ROC trade regime.

Contracting parties have so far raised 470 questions about the trade regime, 220 by the United States, Carlisle pointed out.

According to the Board of Foreign Trade, all the questions will be answered before March 20. A formal negotiation for membership is slated to open in Geneva April 15-16.

Taiwan is an open market economy, Carlisle said, adding that the nation has matched the requirements set by the GATT in the opening of its service, banking and insurance industries.

Foremost among potential stumbling blocks could be related to the imports of agricultural products, and the ROC may have to make concessions on the issue, Carlisle said.

Asked to comment on Carlisle's visit, Vice Finance Minister Lai In-jaw said that it underscores the importance the world free trade regulatory body has attached to Taiwan's application.

Earlier Tuesday, Carlisle held a one-hour meeting with a group of industrial leaders when calling at the Chinese National Federation of Industries.

Says Admission 'Very Likely'

OW1603084593 Taipei CNA in English 0753 GMT
16 Mar 93

[Text] Taipei, March 16 (CNA)—Taiwan is very likely to join the General Agreement on Tariffs and Trade (GATT) by the end of this year, a ranking GATT official said here Monday [15 March].

Charles Carlisle, deputy director-general of GATT, pointed out that if all goes smoothly, Taiwan could become a contracting party to the Geneva-based world trade regulating body late this year or early next year.

Carlisle, who arrived here March 13 for a five-day visit, made the remarks when meeting with Wang Chin-ping, vice president of the Legislative Yuan, which is this country's highest lawmaking body.

Taipei's membership is simply a matter of time, he said.

In addition, he noted that he personally did not think possible US trade retaliation against Taiwan over disputes on intellectual property rights protection would adversely affect Taipei's bid to enter the 106-member world trade body.

Asked what role the legislature should play in the membership application, Carlisle said that the parliament is not supposed to oppose the bid in view of the initiatives this country has taken and the advantages that membership will bring.

Moreover, he stressed, the GATT always takes a very cautious attitude in screening the protocol of accession.

The GATT official advised farmers here not to worry too much about liberalized agricultural policy following admission to the GATT. There will be leeway for adjustment in the step, scope, and time of farm trade liberalization, he noted.

The world organization handles trade affairs in a pragmatic manner, he added.

Earlier in the day, Carlisle called on Foreign Affairs Minister Chien Fu. He declined to reveal what they talked about, saying only he came to see an old friend.

He also met with Y.F. Chang, chairman of the Evergreen Marine Corporation, Ltd.

Hsiao Wan-chang, chairman of the Council for Economic Planning and Development, and Economic Affairs Minister P.K. Chiang jointly hosted a dinner party at the Sherwood Taipei in honor of the visiting GATT official.

Carlisle said he will hold a press conference prior to his departure Wednesday to answer questions on Taiwan's admission to the GATT.

Taiwan, which applied to join the GATT in January 1990, was admitted as an observer last September.

Observers here said that the GATT official's visit underscores the importance the world body has attached to Taiwan's application, and should be conducive to Taiwan's official admission at an early date.

A GATT working party is slated to meet on April 15-16 to screen Taiwan's membership application, for which the government will send to the GATT secretariat by the end of this month all the answers to 470 questions raised by 17 GATT contracting parties on the country's trade policies and practices.

Official admission calls for the approval of more than two-thirds of GATT members.

Taipei To Use Aid To Enhance Diplomatic Status

OW1503094793 Taipei CNA in English 0753 GMT 15 Mar 93

[Text] Taipei, March 15 (CNA)—The Republic of China [ROC] will give more economic aid to needy foreign countries in a bid to improve its diplomatic standing. Premier Lien Chan said over the weekend.

Lien, in a report to the Legislative Yuan, said the government will enhance ties with other countries by granting economic assistance to counter Peking's deliberate attempt to isolate the ROC by wooing countries with economic benefits.

The premier outlined a series of actions planned by the Ministry of Foreign Affairs to expand the nation's foreign relations. The plans include:

- The allocation of NT\$150 million in humanitarian aid for countries that have not had formal diplomatic ties with the ROC, including socialist countries, to establish rapprochement with them;
- The appropriation of NT\$200 million for a program under which leaders of newly independent countries will be invited to visit Taiwan;
- Aid to east European countries will be stepped up through the nation's Overseas Economic Cooperation Development Fund;
- Small-sum loans and donations and technological assistance will be offered to African countries;
- The government will seek to forge formal diplomatic ties with more African countries and explore the possibility of setting up representative offices carrying the ROC's official title in countries that recognize Peking.

Official Responds to Li Peng on Reunification

OW1603130793 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 15 Mar 93

[From the "Hookup" program]

[Text] In response to a statement in Chinese Communist Premier Li Peng's political report—that is, that the two sides should establish contact at the earliest possible date for talks on ending the state of hostility and gradually realizing peaceful reunification—to the Eighth National People's Congress, Mainland Affairs Council Chairman Huang Kun-hui commented: Our policy of opposing party-to-party talks remains unchanged. The fact that the Chinese Communists this time did not mention party-to-party talks should be significant in the establishment of official channels for cross-straits exchanges in the intermediate phase of the national reunification program.

Moreover, among the current personnel changes, Wang Chao-kuo [Wang Zhaoguo] has been promoted vice chairman of the Chinese People's Political Consultative Conference and Tang Shu-pei's [Tang Shubei] has been

promoted to standing committee member. Chiu Chin-yi, secretary general of the Strait Exchange Foundation believes, that these arrangements were made in parallel with our side.

Li Peng's report is regarded as an indicator of the Chinese Communists readjusted tactics toward Taiwan. In view of the current political situation on Taiwan, they intentionally avoided mentioning party-to-party talks. Commenting on this, Huang Kun-hui indicated yesterday that if the Chinese Communists have truly changed their tactics on party-to-party talks, this should be significant in the establishment of official channels of cross-strait exchanges in the intermediate phase of the national reunification program. However, he also said the current government policy is still to have authorized civilian organizations talk with the Chinese Communist side. This announcement from the Chinese Communist side will not affect the upcoming talks between Koo Chen-fu and Wang Tao-han [Wang Daohan] on routine affairs.

Chairman Huang Kun-hui also clearly indicated yesterday that, when the time is ripe, the government would allow, in principle, Mazu or Chinmen as an intermediary station—on a trial basis—for direct flight service between Taiwan and Mainland.

(Chao Er-chung), a Mazu legislator, asked yesterday in an interpellation of the Internal Affairs Committee at the Legislative Yuan, whether Mazu or Chinmen could be used as an intermediary or backup station when direct air links are established across the strait. In response, Huang Kun-hui said: The government agrees to this idea in principle. He said, when the time is ripe for direct flights across the straits, the government would not rule out an intermediary station as buffer between two destinations. However, he stressed that this question is still immaterial, for the direct flight could only be realized in the intermediate phase of the national reunification program. The ultimate goal of direct air links is, certainly, the removal of all restrictions. However, we should still take an incremental approach in the course of implementation. This is the same approach we take with regard to air services with the United States.

DPP To Be Approached on Mainland Policy

OW1603084693 Taipei CNA in English 0759 GMT
16 Mar 93

[Text] Taipei, March 16 (CNA)—The Democratic Progressive Party (DPP), Taiwan's largest opposition party, will be sought while the government formulates its future mainland policy, a ranking Mainland Affairs Official [MAC] said Monday [15 March].

DPP members will be invited to the Consultative Committee of the Mainland Affairs Council, which will be organized soon, MAC Chairman Huang Kun-hui said in reply to inquiries at the Legislative Yuan Monday.

Several DPP lawmakers challenged the present mainland policy being enacted by the cabinet-level MAC, charging that the DPP was not contacted during the process of policy formulation.

As a matter of fact, the MAC has welcomed the participation of the general populace, and the stance will remain so in the future, Huang said. That way, he added, the MAC can pool the collective wisdom of society and come up with a mainland policy that represents the wishes of the people.

Cheyne J.Y. Chiu, newly appointed secretary-general of the private Straits Exchange Foundation (SEF), also promised to solicit DPP suggestions by inviting party members to sit on the SEF's board of directors or as advisers.

Chiu again made it clear that the SEF, though defined as a civic body to handle the private affairs between the two sides of the Taiwan Straits, must be placed under the direct supervision of the MAC.

Chiu's reply drew wide attention on the legislative floor because of his background as the former deputy secretary-general to President Li Teng-hui.

Huang also told the legislature that the upcoming "Koo Chen-fu and Wang Daohan meeting" between the heads of SEF and the mainland's association will certainly be working, technical, and functional in nature.

Politics will in no way be listed on the meeting's agenda, not to mention party-to-party discussions as proposed by the Peking regime, Huang said.

Mainland Affairs Chairman on Beijing Visits

OW1703083193 Taipei CNA in English 0746 GMT
17 Mar 93

[Text] Taipei, March 17 (CNA)—Huang Kun-hui, chairman of the Mainland Affairs Council (MAC), said Tuesday [17 March] that he believes fact-finding trips to Mainland China would be useful.

Premier Lien Chan said Tuesday at the Legislative Yuan that if necessary the MAC chairman may visit the China Mainland to attend international meetings or related activities.

He added, however, that at the moment cross-strait contacts are still limited to a private nature. Civil servants may visit Mainland China only as private individuals.

The tentative meeting between Koo Chen-fu, chairman of the Strait Exchange Foundation (SEF), and Wang Daohan, chairman of the Association for Relations Across the Taiwan Strait (ARATS), merely represents contact between civic organization executives, according to Lien.

He told the legislators that only general affairs will be discussed in the Koo-Wang meeting, and that the two chiefs will not touch on the political sphere.

The premier said that the exploration of ROC foreign relations and the efforts to rejoin the United Nations are closely related to the government's mainland policies. The government would take reference of Germany's unification experience and take a pragmatic approach in mapping out its mainland policies.

SEF Secretary General on Taipei-Beijing Talks

OW1203125493 Taipei CNA in English 0837 GMT
12 Mar 93

[Text] Taipei, March 12 (CNA)—Secretary-General J.Y. Chiu of the Straits Exchange Foundation (SEF) Thursday [11 March] called on Communist Chinese to learn tolerance and to have the understanding that in negotiations both parties can be winners.

Chiu took over the office from Chen Rong-jye this morning at a handing-over ceremony officiated by SEF Chairman C.F. Koo.

Secretary-General Chiu said that representatives from both sides of the Taiwan Strait will conduct various levels of meetings and negotiations. The Republic of China [ROC] should cultivate specialists in negotiations.

He emphasized the importance of signing a Taipei-Peking peace agreement at an early date. The 20 million people on Taiwan can not be sure in promoting cross-strait exchanges if they are constantly living in fear and worry, Chiu said.

He added that the ROC has recognized Peking as a political entity. To win the recognition of the people on Taiwan, Peking should give up its threat to use force against Taiwan.

Planning the meeting between C.F. Koo and Wang Daohan, chairman of the Association for Relations Across the Taiwan Strait (ARATS), will be the immediate task for Chiu.

The meeting, which is seen as a milestone of cross-strait relations, is possibly to be held in Singapore in early April if all preparations proceed smoothly, according to Koo.

Koo lauded Chiu's ability and experience. Chiu, 57, graduated from the department of diplomacy of National Chengchi University. In addition to several overseas posts, he served as director of the Department of European Affairs of the Foreign Ministry, 1979-1981, ROC representative to Sweden, 1981-1983, director of the Department of Protocol and later director of the Department of Information and Cultural Affairs, 1983-1987, and ROC Ambassador to Swaziland, 1987-1988.

Until his new post, he was vice secretary-general to the president and spokesman of the Presidential Office.

New SEF Leader Invited To Visit Mainland

OW1303092993 Taipei CNA in English 0752 GMT
13 Mar 93

[Text] Taipei, March 13 (CNA)—Cheyne J. Y. Chiu, newly installed vice chairman and secretary-general of the Straits Exchange Foundation (SEF), received an official invitation from his mainland Chinese counterpart to visit the mainland to prepare for later higher-level talks on cross-strait relations.

The invitation came from Tang Shubei, vice president of Peking's Association (ARATS [Association for Relations Across the Taiwan Straits]), a quasi-official organization authorized to handle cross-strait exchanges.

Tang invited Chiu to preparatory talks late this month to discuss the date, venue and agenda for the long-planned meeting between SEF Chairman C. F. Koo and his ARATS counterpart Wang Daohan.

The Koo-Wang summit, tentatively scheduled for April in Singapore, would be the first direct talks between the heads of the two quasi-official intermediary bodies.

Kao Kung-lien, vice chairman of the cabinet-level Mainland Affairs Council, told a news conference Friday that the Koo-Wang meeting is expected to "build up the foundation for an environment to enter the second stage of cross-strait exchanges set forth in the national unification guidelines."

"The Koo-Wang talks aim to solve the many disputes and technical problems stemming from increased cross-strait exchanges," Kao noted.

He added the talks will cover issues in four areas: establishment of a regular SEF-ARATS communication channel; commercial exchanges; cultural exchanges; and other related problems including a crackdown on crime in the Taiwan Straits.

SEF Chairman Koo said he does not expect to attain satisfying conclusions on any or all of the issues, but rather intend to concentrate on some specific issues that meet the least resistance from both sides.

"The symbolic significance of the meeting might turn out to be more valuable than the substantial conclusions achieved in the meeting," he explained.

Chairman Comments on Work of Straits Foundation

OW1203134193 Taipei CNA in English 0828 GMT
12 Mar 93

[Text] Taipei, 12 March (CNA)—C. F. Koo of the Straits Exchange Foundation said Thursday [11 March] that the foundation should fulfill its function as a civic organization handling business entrusted by the government.

At the foundation's board meeting Thursday, Koo said that the members of the foundation should reach consensus on the functions of the civic organization which

was formed initially to handle general issues entailed by cross-strait contacts authorized by the government.

He added that as a civic organization the foudiy promote people-to-people exchanges.

Private Foundation To Set Up Mongolian Office

OW1603094093 Taipei CNA in English 0840 GMT
16 Mar 93

[Text] Taipei, March 16 (CNA)—The non-governmental Mongolian and Tibetan Foundation announced Monday [15 March] that it plans to open a representative office in Ulanbaatar, Mongolia's capital, later this year.

Responding to the announcement, Chairman Chang Chun-yi of the cabinet-level Mongolian and Tibetan Affairs Commission said his commission will help the foundation realize its plan.

Chang noted that since Mongolia has chosen to follow a democratic road, its leaders have turned their attention to the Republic of China [ROC].

During the past year, Chang reported, some 12 ministerial-level Mongolian officials have visited Taiwan. "We have also extended a friendly hand to Ulanbaatar," he said.

Chang pointed out that the ROC-Mongolian exchanges will enter a new stage after the Mongolian and Tibetan foundation set up an office in the Mongolian capital city.

Chang said his commission will do its best to strengthen ties and promote exchanges with the some 4.5 million Mongolians and 4.8 million Tibetans now living on the mainland.

Studies and research on Mongolian and Tibetan affairs will be intensified in Taiwan, he added.

12 Mongolian Officials Visit Island in 1992

OW1503094193 Taipei CNA in English 0743 GMT
15 Mar 93

[Text] Taipei, March 15 (CNA)—Interested in learning more about Taiwan, Outer Mongolia in the past year has sent 12 officials of ministerial rank to visit Taipei.

Chang Chun-yi, chairman of the Mongolian and Tibetan Affairs Commission, made a report on his commission's functions at the monthly meeting at the Presidential Office Monday morning.

He said that Outer Mongolia's ranking officials have contacted his commission through Mongolian immigrants in Europe and the United States, and have expressed the hope that the Republic of China [ROC] can help their nation with its economic development.

The Mongolian and Tibetan Affairs Commission has mapped out working plans to promote understanding of Mongolia and Tibet and to boost exchanges.

Ties With Philippines Expected To Improve

OW1603090193 Taipei CNA in English 0803 GMT
16 Mar 93

[Text] Taipei, March 16 (CNA)—Substantive relations between the Republic of China [ROC] and the Philippines are expected to continue improving on their present foundation, Premier Lien Chan said Monday [15 March].

Lien made the remarks while meeting with Gualberto Lumaig, director of the Manila Economic and Cultural Office in Taipei, which represents Filipino interests here in the absence of diplomatic ties between the two countries.

Lumaig handed Lien a letter from Philippine President Fidel Ramos congratulating him on becoming ROC premier.

Through joint efforts, Lumaig said, ROC-Philippine relations have made substantial progress in recent years. The Philippine representative office here is now qualified to issue visas, and there are currently five airlines operating the Kaohsiung-Manila route.

Lien said he and Ramos are old friends. "As far as I know," he noted, "Ramos also has many other friends in Taiwan."

"I hope cultural, commercial, tourist and sports exchanges between our two countries will continue to grow in the years ahead," Lien added.

South Africa Denies Policy of Dual Recognition

OW1203134093 Taipei CNA in English 0826 GMT
12 Mar 93

[Text] Taipei, March 12 (CNA)—South Africa has no policy of duplicate recognition of both Taipei and Peking, new South African Ambassador Johan Viljoen said categorically Thursday [11 March].

"We have no intention of allowing our relations with Peking to develop at the expense of our longstanding ties with the Republic of China [ROC]," Viljoen said in his first news conference after assuming his new post.

"Our relationship with the ROC is a very precious and longstanding arrangement. When we were isolated by most countries in the world, the ROC Government stood by us. We do appreciate that," Viljoen stressed.

Taiwan is now South Africa's sixth largest trade partner, after Japan, Germany, Switzerland, Great Britain and the United States.

Trade between the two countries, averaging US\$1.3 billion a year, has grown at an annual rate of about 12 percent, Viljoen reported. ROC tourists to South Africa reached more than 20,000 last year.

Viljoen said South Africa hopes to see further expansion of trade, tourist and cultural exchanges with the ROC. "We also hope to attract more Taiwan investment," he added.

Besides improved trade relations, Viljoen said, South Africa also hopes to introduce its culture to ROC people.

The South African embassy here is now working on an art exhibition featuring paintings and handicraft works by South African artists, Viljoen reported. The exhibition will be held in major Taiwan cities starting early next year.

As Peking is wooing South Africa with a growing and potentially lucrative market, it has been widely feared that Taipei-Pretoria ties may be affected.

Viljoen admitted that South Africa has informal relations with Mainland China, but he added that its goal is to establish commercial ties.

"We are interested in attracting Mainland Chinese tourists and in promoting commercial relations but we do not want our relations with the ROC to be affected," he explained.

Commenting on rumors that ROC-South African ties will change after a new government is established in South Africa next April, an ROC Foreign Ministry official said the ministry is paying close attention to political developments in that country.

South African President F. W. de Klerk has promised the ROC Government that his country will not establish formal ties with Peking during his tenure, which will expire next year. De Klerk made a state visit to Taipei in 1991. While here, De Klerk invited president Li Teng-hui to visit Pretoria. Viljoen said that the invitation remains valid.

Government Plans \$45 Million Soft Loan for SRV

OW1703084393 Taipei CNA in English 0759 GMT 17 Mar 93

[Text] Taipei, March 17 (CNA)—The Government of the Republic of China [ROC] has tentatively decided to grant a U.S.\$45 million soft loan to Vietnam, an official with the Ministry of Economic Affairs said Tuesday [17 March].

The loan, including U.S.\$30 million for a highway project and another U.S.\$15 million for small business development, has passed the initial evaluation of the International Economic Cooperation Development Fund (IECDF), the official said.

The IECDF was established in 1989 to step up overseas economic cooperation and joint planning of economic development.

Meanwhile, sources close to the ministry said Vice Economic Affairs Minister S. J. Li flew to the Indochinese country last Sunday [15 March] on a secret visit.

Accompanying Li were officials of the IECDF, the Board of Foreign Trade, the Industrial Development Bureau, and investment agencies, the sources added.

Substantive relations between Taipei and Hanoi have grown markedly over the past few years in spite of a lack of diplomatic links.

Government Lifts Exile on Dissident Professor

OW1303092793 Taipei CNA in English 0723 GMT 13 Mar 93

[Text] Taipei, March 13 (CNA)—The government has lifted a 14-year ban on the return of former national Taiwan university professor Chen Ku-ying, one of the last [words indistinct] still in exile.

The bureau of entry and exit announced Friday that it decided to allow Chen, 57, to return because he does not hold any official post in the Communist Chinese government and has permanent resident status in the United States.

Chen, a bookish scholar of Chinese Taoist philosophy, was accused of leftist sympathies and stripped of his teaching job at National Taiwan University in 1973. He went to the United States in 1979 to pursue studies and has since not been allowed to return.

Democratic reforms that began in the late 1980s have opened the way for scores of exiled dissidents to come back.

Chen went to the mainland in 1984 as a visiting professor at Beijing University. He has kept his teaching position in Beijing University off-and-on both before and after the bloody 1989 crackdown on the Tiananmen Square student pro-democracy demonstration.

Chen said recently that he came to the mainland in part to take advantage of research materials unavailable elsewhere, according to a CNA report from the mainland.

The report quoted Chen as saying: "I have never remained in the mainland for longer than one year at a time and should not be placed on any Taiwanese 'red list' of pro-communists.

Hsu Sworn In as KMT Secretary General

OW1303092893 Taipei CNA in English 0734 GMT 13 Mar 93

[Text] Taipei, March 13 (CNA)—President Li Teng-hui, in his capacity as Kuomintang [KMT] chairman, swore in Hsu Shui-teh as secretary-general of the KMT Central Committee Saturday morning.

Li hailed Hsu's contribution to the promotion of bilateral relations between the Republic of China [ROC] and Japan during his tenure as the ROC representative to Japan.

Chairman Li encouraged Hsu to give full play to his talents and to push ahead with the ongoing party reforms.

Upon return from Japan Friday [12 March], Hsu pledged to address the existing issues confronting the party, with top priority being given to the party's consolidation. He also pleaded to the general populace for their support and cooperation.

Sung Chu-yu Confirmed as Governor

OW1703090393 Taipei CNA in English 0803 GMT 17 Mar 93

[Text] Taipei, March 17 (CNA)—Sung Chu-yu, former secretary-general of the Kuomintang Central Committee was confirmed as Taiwan governor by the Taiwan Provincial Assembly Tuesday [16 March].

The provincial legislature held a special meeting to vote on Sung's appointment. Sung won 53 of the 66 votes cast.

As a result of a boycott by opposition deputies, voting was delayed until 7:30 P.M. after Sung delivered his report on provincial administration and answered questions raised by 18 assemblymen.

Sung said in the report that although he was born in the mainland, he has lived in Taiwan since he was seven years old.

Stressing his love for the island, the first mainlander to become Taiwan governor in two decades vowed to devote himself completely to bettering provincial administration and serving the people.

He urged the provincial government, the assembly and people to unite closely to strive for a brighter future for both Taiwan and the ROC [Republic of China] as a whole.

Outlining the focal points of his future administration after assuming the governorship, Sung said he would fully respect the opinions of the assembly to realize the autonomy of the local governments.

He also said that his priorities will be given to promoting cultural development, infrastructure projects and social harmony.

Sung, 52, was nominated to the governorship by Premier Lien Chan. A confirmation of the appointment by the provincial assembly was necessary in accordance with the constitution.

Hong Kong

Patten 'Not Concerned' by Lu Ping Remarks

HK1703110293 Hong Kong AFP in English 1046 GMT
17 Mar 93

[Text] Hong Kong, March 17 (AFP)—Governor Chris Patten said Wednesday [17 March] he was not concerned by China's intention to form its own post-1997 government for Hong Kong if it meant Beijing finally coming up with proposals on electoral reform.

"No, I'm not concerned about it," Patten told reporters after Lu Ping, head of China's Hong Kong and Macau Affairs Office, said in Beijing that China would begin immediately preparations to form a post-1997 government.

"If by this afternoon's statement, it means that we're going to hear Chinese proposals on the electoral arrangements for District Boards and the Legislative Council, then that would be a very welcome breakthrough," he said.

Patten said he wanted to study Lu's remarks before giving a more detailed reply, but stressed that Britain was ready to talk with China "tomorrow" if Beijing agreed to accept Hong Kong officials on the British negotiating team.

Ever since he first proposed extending the franchise for district board elections in 1994 and Legislative Council elections in 1995, Patten has pressed China to make counter-proposals, without success.

Patten Hopes for Talks, Questions PRC Stand

HK1703125093 Hong Kong Television Broadcasts
Limited in English 1110 GMT 17 Mar 93

[From the "News at 7:10" program]

[Text] Meanwhile, the governor says he still wants to reopen Sino-British talks in spite of the fact that China says it is impossible. And Chris Patten called on Beijing to explain why Hong Kong officials should not be part of the negotiating team. Jenny Lam reports:

[Begin recording] [Lam] When the blast from Beijing came this afternoon, the governor was touring Central and Western Districts. For the first time after one of his district visits he made no mention of the walkabout. He told journalists he could not understand why the Chinese side has changed the formula for Sino-British talks.

[Patten] This is plainly a misunderstanding. Otherwise, I hope we have got the talks off the ground. But I repeat what I said earlier: The basis on which we have suggested talks is exactly the same as the basis on which there have been talks for more than a decade. Why is it proposed at this moment that the basis should be changed? Why have officials of the Foreign Ministry said in the last few days, you noticed very well, that Hong Kong Government

officials couldn't talk at any meeting? Why has the NCNA [NEW CHINA NEWS AGENCY; XINHUA] said that the Hong Kong Government officials have no right to be part of the British team?

[Lam] On his new label, the man of guilt in the history of Hong Kong was determined to keep a stiff upper lip.

[Patten] I don't want to respond to that sort of remark. I am concerned about the future interests and well-being of Hong Kong. I am not going to reply to that sort of thing.

[Lam] He said the British side is ready for talks tomorrow if Beijing is willing. That call was echoed by the Joint Liaison Group leader. But Tony Galsworthy denied the British side has been leaking the details of diplomatic contacts.

[Galsworthy] There have been a series of reports about what happened to the negotiating table, many of which have been sourced to Chinese sources. So I don't accept that the British side has been revealing the details of these talks.

[Lam] It's not clear who spilled the beans, but Hong Kong is definitely piggy in the middle. [end recording]

Legislators View Li Peng's Attack on Proposals

HK1603141193 Hong Kong THE STANDARD in
English 16 Mar 93 p 3

[By Ming Man and Helen Choi]

[Text] The attack on Hong Kong and Governor Chris Patten's reform proposals by Chinese Premier Li Peng are a serious matter, Co-operative Resources Centre (CRC) leader Allen Lee says.

Lee has urged China to be more flexible to allow Hong Kong officials to be involved in Sino-British talks on reform.

The CRC has told Hong Kong and Macao Affairs Office director Lu Ping that inclusion of Hong Kong officials in the British team should not "constitute a stumbling block to talks".

He said the CRC yesterday sent letters to Patten and Lu urging them to return to the negotiating table.

The group asked Patten to clarify the outstanding differences between the two governments and specifically "the problems which had become larger rather than smaller" in the 24 hours before the reform bills were gazetted on Friday. Patten was also asked what he intended to do to remedy the "negative effects" the gazetting of the bills would have on Hong Kong.

Lee said Patten should not rush to table the bill in the Legislative Council.

"The minute the bill goes to the Legislative Council the issue (of talks) would be over," he said.

United Democrat Albert Chan said Li's comments at the Eighth National People's Congress were a farce.

"China is trying to bring down the Patten government. China is the one who is not being sincere in bringing the talks together," he said.

"China is disregarding Hong Kong people's rights and wishes."

Meeting Point member Fred Li said the row and Li's comments did not help to build confidence in Hong Kong.

"The only way forward is to table the bill, discuss and pass it. What's the purpose of waiting? We can't wait and see and wait again for signals from China or both sides," he said.

Another Meeting Point member, Zachary Wong, said both sides needed to consider Hong Kong people as a priority and should compromise so further talks could continue.

Outspoken independent Emily Lau said it was very disturbing to hear Li launch such a savage attack on Patten.

"Patten's proposals are very modest. The proposals do not go far enough," she said.

Economist legislator Vincent Cheng said Li's comments were not helpful.

But independent Christine Loh was not too concerned. "It is the Chinese style. It's a slight exaggeration. The Chinese haven't said no to negotiations," he said.

Maverick legislator Chim Pui-chung was worried about the economic impacts of continued fighting.

He said Patten should drop the pre-condition that Hong Kong officials be part of the British team.

"Otherwise, the interests of Hong Kong people will inevitably be ruined. And as the Governor, he will have to pay the price," Chim said.

Editorial on 'Window of Opportunity' in Dispute

HK1403071593 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 14 Mar 93 p 10

[From the "Agenda" page]

[Text] Just how badly China appears to have been wrong-footed by the swift turn of events in negotiations over Hong Kong's constitutional reform was reflected in the disparate statements emanating from Hong Kong and Beijing. On the one hand, New China News Agency [XINHUA] officials appeared to be taking a hard-line approach, maintaining talks were "impossible". On the other, Beijing's Foreign Ministry spoke of "shock" and "obstacles" to further contacts, but stopped short of ruling them out altogether.

At Upper Albert Road, where Governor Mr Chris Patten's advisers met in early morning session to try to decode the true import of the conflicting statements, there was little sign of the gloom and despondency displayed by political pundits and stock market analysts.

It is, of course, far too early to say whether the Governor's move in gazetting his blueprint for reforms will produce the kind of doomsday scenario being outlined by some: China setting up its own power base, grid-locking projects like the airport and threatening to simply change everything when it re-assumes sovereignty in 1997. But Beijing's reluctance to take the final step of breaking off all contacts on the issue yesterday is, at least, a hopeful sign. And, in the tired words of so many statements from both sides, a display of "sincerity".

The timing, coming, on the eve of China's set piece National People's Congress, does not bode well. Such a high-profile row over democratic reforms is likely to strengthen the hand of the hard-liners. It will produce an important first test for Hong Kong's contingent of 28 Congress delegates. One, Mr Tsang Tak-shing, is already planning to urge the NPC to start drafting laws on post-1997 electoral arrangements for the Legislative Council and the Court of Final Appeal.

But paradoxically, the timing has also produced an important window of opportunity. Because the Legislative Council will be sitting next Wednesday [17 March] as the Finance Committee to discuss Mr Hamish Macleod's Budget proposals, the newly gazetted bill cannot be tabled under ordinary rules.

And the Wednesday after that [24 March], the council will be in session and, technically, the bill could be introduced. But because there will be a debate on the Budget, it would be unusual. The result is a breathing space which both sides should use to re-assess their stands and answer the wish that Hong Kong people have expressed in every opinion poll: for talks that produce an agreed and an acceptable way forward.

Editorial Views Sino-UK Relations, Reform

HK1603030093 Hong Kong SOUTH CHINA MORNING POST in English 16 Mar 93 p 20

[Editorial: "Chinese Pressure"]

[Text] Chinese Premier Mr Li Peng's attack against Britain for pushing ahead with its proposed democratic reforms was not unexpected. Nor was his threat that Britain would be held responsible for the consequences resulting from its latest action. As the highest ranking Chinese official to comment on Mr Chris Patten's reform bill so far, Mr Li's comments will be studied carefully by those looking to see where this leaves relations between Britain and China. Are the furious statements issued by Mr Li and others in the past few days the noisy echoes of doors being slammed shut all over the Chinese capital? Or are certain doors being left slightly ajar?

Although not mentioned by name, Mr Li's comments were a clear reference to the Governor and his decision to gazette his electoral reform proposals last week. As far as the Chinese are concerned, Mr Patten is the set villain of the piece and the person responsible for the current strained state of relations between Britain, Hong Kong and China. Since last October, Mr Patten, with the backing of the British Government, has perfidiously and unilaterally proposed a programme for major political change, according to Mr Li. To the Chinese, Mr Patten's actions have flown in the face of all previous agreements and understandings between both countries. It is little wonder then that China is in no mood for talks with Britain—or at least the kind of talks that Mr Patten would consider honourable. In the current atmosphere, there can be no meaningful dialogue on any of the major issues, leaving any hope of resuming talks on transitional matters through the Sino-British Joint Liaison Group or a much-anticipated visit to Beijing by the Foreign Secretary, Mr Douglas Hurd, rather doubtful.

Instead, China seems prepared to give up all hope of sensible communication with Britain for as long as Mr Patten remains Governor of Hong Kong. Beijing blames Mr Patten for the polarisation of the territory's public opinion and can now be expected to press its allies in business and British political circles even more vigorously for his removal. To Chinese eyes, the close support Mr Patten has enjoyed from the Prime Minister, Mr John Major, and Mr Hurd could come under threat. Where Mr Patten claims that a tissue cannot be placed between him and the Prime Minister, it may be less of an advantage these days. Mr Major's own position as a world leader has become much more shaky in the last six months and his popularity and stature as prime minister are at a low point. The Chinese may be encouraged enough to believe that Mr Major may not be around to ensure that Mr Patten can see out his term to 1997. Although Mr Patten came to Hong Kong confident of five years in office and in a strong enough position to win acceptance for his democratic agenda, a change of prime minister in London would mean that he could not be guaranteed that he would continue to enjoy the same level of support.

For his part, when he arrived here last summer, Mr Patten must have calculated that by 1997, attrition would take its toll on the gerontocracy that rules China. However, that is based on the premise that the departure of the old guard will give way to a more enlightened younger leadership, prepared to be more tolerant of the kind of reforms that Mr Patten has in mind for the territory. In a sense, both Britain and China are making the same long-term bets about who they believe they will be dealing with in 1997. For both sides, it is a calculated risk: Can China push Mr Patten out before he sees the current regime off?

Having gazetted his electoral bill, Mr Patten must accept that his actions have split the community and he can expect more criticism from many in the business community who will not welcome the further rupturing of

already tense relations with China. Yesterday's continued fall on the stock market which saw the Hang Seng Index lose more than five percent was a reflection of how easily investors can lose their nerve.

Optimists will hope that China will soften its opposition to Mr Patten's reforms as the time for the Legislative Council [Legco] to vote on the substance of the bill approaches. If constructive talks are still possible, it would be foolish to rule them out in advance, but in many respects the "talks about talks" have made the situation worse between Britain and China. There is no point in chasing shadows. Without the expectations that came with the talks, Mr Patten would have been free to introduce his bill weeks ago. It would have proceeded on its due course through Legco. However, with the prospect of talks now looking rather slim, it no longer makes sense to wait for this to happen. Having gone this far, Mr Patten has left himself with no option but to introduce his electoral bill before Legco at the first available sitting. Mr Patten has told Legco it must take responsibility for amending or rejecting the proposals. For Legco members the moment of truth has arrived and their performance over the next few months will come under intense scrutiny.

XINHUA Rejects Hurd's Remarks on Talks

*HK170.1040493 Hong Kong WEN WEI PO in Chinese
17 Mar 93 p 12*

[Report: "Zheng Guoxiong Refutes Douglas Hurd's Remarks, Saying Hong Kong People Have Clearly Seen What the British Side Has Done"]

[Text] Yesterday, Zheng Guoxiong, deputy director of XINHUA Hong Kong Branch, responded to British Foreign Secretary Douglas Hurd's remarks on his hopes for resuming talks with China. Zheng stressed that the the British Hong Kong authorities' "gazetted" of the constitutional reform package had seriously undermined the basis for talks. Now the most important matter should be how to reestablish a basis for talks. Naturally, this should be done by the British side. Zheng said: "I believe that the British side knows very well what it should do and needs no coaching from us." Zheng made these remarks at a New Year soiree to mark the ninth anniversary of the "Zhaoqing Fellow Townsmen Association."

When a reporter asked if the proposal made in Beijing by Li Weiting, director of XINHUA's Social Work Department and a deputy to the National People's Congress, on establishing a consultative committee for a special administrative region preparatory committee represents the views of XINHUA Hong Kong Branch, Zheng Guoxiong said that Li Weiting had made those remarks at the meeting as a deputy of the people, and that his proposal could naturally be discussed by the participants as it was put forth at the meeting.

Zheng Guoxiong pointed out that the British Hong Kong authorities have, on the one hand, promised to talk on

the basis of the "three conformities," but on the other hand, have brazenly gazetted the constitutional package, which is characterized by the "three violations." The British side has thus undermined the basis of talks itself. Now it is again trying to defend itself by saying that the gazettal will not affect the talks. Undoubtedly, by going back on its word, the British side is just slapping its own face! Under such circumstances, how can people be convinced that the British side has sincerity for talks? Zheng continued: The British side should take real action to show its sincerity for talks. The very least thing it can do is to return to the basis of the "three conformities."

Zheng Guoxiong pointed out that the British side insists that the reform package does not violate diplomatic agreements reached between China and Britain, and that this was a barefaced lie. The deputy director cited an example: "In the agreement reached between the Chinese foreign minister and the British foreign secretary, there is an item about the formation of the election committee. But what is mentioned by Chris Patten's constitutional package is a form entirely different from the agreement. How can the two entirely different packages be regarded as being compatible with each other? This is obviously a barefaced lie! This issue is clear to all. Just as some Legislative Council members have said, the Hong Kong people have already seen very clearly!"

A reporter asked: "Do you think the people's livelihood will be affected if the confrontation between China and Britain continues?" Zheng said: "I think you should ask the Hong Kong governor this question!"

PRC Stance Change Reportedly Doomed Talks

HK1703033093 Hong Kong SOUTH CHINA
MORNING POST in English 17 Mar 93 p 1

[By Fanny Wong]

[Text] An attempt by China last Friday to attach additional requirements to the terms of announcement for resuming Sino-British talks had led to the Government's decision to gazette the 1994/95 electoral bill, according to sources close to the British side.

The sources said China had agreed to the draft terms of an announcement on Thursday morning which contained no reference to the status of Hong Kong officials in the British negotiating team, but did provide a rough date on which negotiations were to resume.

The draft also specified that the talks would be on the 1994/95 electoral arrangements and would proceed on the basis of the three accords—the Joint Declaration, convergence with the Basic Law, and previous agreements and understandings reached between the two sides.

But on Friday, China had sought to add a stipulation to the draft agreement, which Britain thought it had secured for enabling the resumption of talks.

China wanted to specify that apart from Sir Robin McLaren, the British ambassador to China, all other British and Hong Kong officials would participate only as experts or advisers.

When asked yesterday about the British side's claim that China had backpedalled, or shifted the goal posts, the deputy director of the Chinese State Council's Hong Kong and Macao Affairs Office, Mr Chen Ziyang, said China had all along hoped to deal with the issue with flexibility.

But Mr Chen insisted that China had never accepted that Hong Kong officials could become full members of the British team.

Beijing had always said negotiations were between the two sovereign powers, and Sir Robin must be absolutely clear about that.

The sources said that on Friday, China had also refused to give a date for the announcement of talks, not even agreeing to give a rough date on which talks could resume.

The British side wanted to avoid specifying the status of Hong Kong officials in the negotiating team in the announcement, to get around the obstacle which persistently came up during contacts between the two sides.

It is understood that the Chinese Vice-Foreign Minister, Mr Jiang Enzhu, had indicated to Sir Robin on Thursday that China had no objection to the draft terms of the announcement.

The Chinese side's response was sent to Hong Kong at noon and this was interpreted by the British side as offering a real prospect for talks.

The Governor, Mr Chris Patten, later in the day, postponed a scheduled Legislative Council question time session at which he was to announce the gazetting of the reform bill.

Mr Patten and the Executive Council met to consider how to reply to China's response, and it was decided that the bottom line for Hong Kong was that there must be a date of announcement as well as a date for the talks.

The councillors also agreed that whether subsequent rounds of talks should be held in secret would be left for discussion in the first round of talks.

The Executive Council also resolved that there could be no discrimination between Hong Kong and British members of the negotiating team.

To avoid inflaming Chinese sensitivities, the council decided it could accept an arrangement under which each team would comprise a single member—Sir Robin and Mr Jiang—and that each would be supported by a team of officials.

Exco agreed that no title should be attached to these teams, and when asked in the public, the two sides would refer to them as the team offering advice and expertise.

But if the British side was asked in public about the status of Hong Kong officials, it would want to say that Hong Kong and British members held equal status.

The councillors wanted China's assurance that even though they might not publicly support such a statement by the British side, Beijing would at least not contradict such statement.

To ensure there was no misunderstanding on such a position, the council decided to ask Sir Robin to clarify this with Mr Jiang.

The ambassador failed to secure such an assurance, and on Friday, China wanted to add to the draft text a specific reference that Hong Kong officials were only to sit in as advisers and experts.

As this contravened the council's stated position, Mr Patten authorized the draft bills to be gazetted at 3 pm.

Hong Kong Alliance Critical of Patten Package

OW1603125393 Beijing XINHUA in English 1213 GMT 16 Mar 93

[Text] Hong Kong, March 16 (XINHUA)—The Democratic Alliance for Betterment of Hong Kong today issued a statement, urging Governor Chris Patten to explain to the public why he made a sudden announcement of gazetting his political package.

The statement, issued here today, also urged the British Government and Chris Patten to show their sincerity so as to make it possible for the resumption of the Sino-British talks.

Patten's decision to gazette the political package placed an obstacle to the start of the Sino-British negotiation. It seriously sabotaged the mutual trust between the Chinese and British Government, made the endeavor from all walks of life to the resumption of Sino-British talks come to nothing and presented a greater threat to the smooth transfer of power in 1997 and to the current prosperity and stability in Hong Kong, which constitute an unforgivable mistake, the statement said.

Hong Kong Politician Blames Patten for Impasse

HK1603124493 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0549 GMT 16 Mar 93

[By staff reporter Hong Wen (3126 2429)]

[Text] Hong Kong, 16 Mar (ZHONGGUO TONGXUN SHE)—Cheng Kai-nam [4453 0094 0589], secretary general of the Democratic Alliance for the Betterment of Hong Kong [DABHK], holds that the current Sino-British row is not just a matter of the 1995 electoral arrangements, but a problem of whether both sides can trust each other and how they will get along in the second

half of Hong Kong's transition period. He points out that Hong Kong Governor Patten's announcement last Friday [12 March] to gazette the political reform package has made it impossible for the Chinese and British sides to reopen talks, and that Patten should bear all the responsibility for this. He says the DABHK will ask Patten to openly explain why he suddenly made such a move in the final phase when the talks were on the verge of success.

Cheng Kai-nam holds that at a time when the relevant Sino-British contacts were about to produce some result, in less than 24 hours Patten decided to gazette the political reform package, and this was obviously an irresponsible move based on his own political interests, and it reflected a complete lack of sincerity on the British side to resume talks.

Reflecting on a series of moves by Patten since last October, Cheng Kai-nam points out that the fact that Patten proposed his political reform package in an extraordinary manner, and his surprise move last Friday, all illustrate that for the sake of one's own political future, a politician can ignore the interests of China, Britain, and the people of Hong Kong. There is reason we can believe that the British side's purpose in sending such a politician to govern Hong Kong is to "take a gamble" in the last remaining four years of its rule over Hong Kong, and for this purpose it does not hesitate to abandon cooperation and convergence, and stir up a row, so as to grab the largest political and economic interests.

He is worried that Patten's stubborn insistence on his own course will destroy the foundation of mutual trust between China and Britain, bring about many social problems to Hong Kong during the second half of the transition period, and hinder a smooth transition and changeover of power in 1997. He says Patten must bear the historical responsibility for the serious consequences caused by this.

PRC Announcement on Talks Reportedly Withdrawn

HK1403071893 Hong Kong SUNDAY STANDARD in English 14 Mar 93 p 5

[By Neville de Silva]

[Text] Top Chinese leaders were behind a last minute move to withdraw an announcement on a date and time for Sino-British talks which was to have been made on Friday shortly before Governor Chris Patten gazetted his political reforms. Diplomatic and political observers said Chinese officials insisted the text setting out the basis for the talks was excluded from the discussions.

They say it was a move by China to intentionally "humiliate Hong Kong" in the hope it would force Governor Chris Patten to further delay gazetting his reforms. They say top Chinese leaders were responsible for crying halt at the last minute after Hong Kong sought

clarifications on the terms of the announcement through the British Embassy in Beijing.

Chinese officials and British diplomats are understood to have virtually thrashed out a general understanding on the reopening of talks by lunchtime Thursday [11 March] and this was conveyed by the British Embassy to Government House. Hong Kong then sought clarification on the understanding through the British Embassy. Subsequent discussions with Chinese officials showed that sharp differences existed on interpretation.

"Some of the things that we thought were settled by Thursday lunchtime now seemed unresolved," an authoritative government source said. This led Governor Patten to tell legislators on Friday afternoon that the differences between the two sides had widened in the past day or two.

A principal sticking point was the status of Hong Kong officials on the British negotiating team. Sources said China, having first objected to the presence of any Hong Kong officials, seemed agreeable to their playing a back-room role in the talks.

Britain has insisted that Hong Kong officials be present saying it has been standard procedure for 10 years. "When Hong Kong sought clarification it opened up a whole can of worms," a well-informed diplomatic source said. He said the real issue was not only participation in the talks. The final agreement being ratified by the Legislative Council was, from China's stand-point giving excessive power and influence to what is considered one of China's regions.

The Beijing-based diplomat said that from China's perception this meant not only diluting China's sovereignty but enhancing regional influence in central government affairs. "It is almost certain that when clarifications were sought those higher up the official ladder said enough is enough and Hong Kong should not assume too much," the diplomat said.

A political observer said China hoped that by delaying talks it could wring concessions out of London and dilute Patten's influence.

Citizens' Support of PRC Position Noted

OW1703080293 Beijing XINHUA Domestic Service in Chinese 0307 GMT 17 Mar 93

[Text] Hong Kong, 17 Mar (XINHUA)—Hong Kong residents, who have been following the Eighth National People's Congress [NPC], have one after another expressed support of the Chinese Government's stand on the Hong Kong issue as stated in Premier Li Peng's Government Work Report. They pointed out that the British side has created man-made obstacles for Sino-British cooperation and should therefore be held responsible for all the grave consequences arising from it.

Cheng Yiu Tong, vice-chairman of the Hong Kong Federation of Trade Unions, said that the principled

stand on the Hong Kong issue as explained in the government work report is a strong response to the gazette of the political reform program by the Hong Kong British authorities. He said: The Chinese and British sides had already resolved a number of major issues through previous contacts and consultations, and there was hope that negotiations would resume; however, Chris Patten undermined the foundation of negotiations in disregard of the future of Hong Kong and the interests of Hong Kong residents. This kind of action has no popular support.

Cheng Kai-nam, vice chairman of the Hong Kong Federation of Educators and a secondary school teacher, said China's stand has always been consistent during the entire course of dispute. It is the British side and Governor Chris Patten who had changed their position and provoked a dispute. According to Cheng Kai-nam's analysis, Patten's decision to gazette his reform bill made it harder for the resumption of Sino-British talks and clouded the light that had appeared. As a result, all the efforts to reopen negotiations have been wasted. He pointed out that Patten's action is irresponsible, and it is the kind of action taken by a politician to deliberately complicate the issue and interfere with the general situation. Hong Kong residents should not place their hopes on Chris Patten. It is not worth it.

Mr. Luo Xiwen, a local businessman, expressed "100 percent support" after he learned of Premier Li Peng's speech on the Hong Kong issue on television. He said that as a local resident, he hopes there will be a smooth transfer of power in 1997; however, the so-called political reform bill and Patten's gazette of the bill violated diplomatic practice and ignored the Basic Law and the Joint Declaration. This action should of course be condemned by the Chinese Government and Hong Kong's patriotic personages.

Luo Xiwen said that he and some of his friends do not like to see the dispute between the Chinese and British Governments, but he said the dispute, which has been created solely by the British side, has disturbed peace and caused a drastic drop in the share prices of the stock market in the past few days. This has caused direct economic losses to the Hong Kong residents and will indirectly affect their livelihood. He thought there is only one way for Patten: Deserting his political reform package.

Speaking on behalf of his fellow workers, Mr. Liang Quandong, who works at Kowloon's ferry boat container pier, said: Everyone hopes to see Hong Kong's stability and prosperity; however, by submitting the political reform package to the Legislative Council, he apparently wants to continue confrontation with China with the support of the British Government. His purpose is to bring chaos to Hong Kong in the last part of the transition period.

Motor Workers Protest Publishing of Reform Bill*OW1603131193 Beijing XINHUA in English 1212
GMT 16 Mar 93*

[Text] Hong Kong, March 16 (XINHUA)—Twenty-four representatives of the Hong Kong Motor Transport Workers General Union today staged a protest against Governor Chris Patten's gazetting of his political bill.

Kung Chi Keung, chairman of the 27,000-member union, read a statement outside the government house, accusing the governor of creating troubles for Sino-British talks and causing instability in Hong Kong.

The gazetting of the political bill, Kung said, has seriously undermined the base of Sino-British talks, deteriorated bilateral relations, caused the plummeting of the stock market, and done great harm to the territory's economy. "For this, we express our uttermost indignation," he said.

Kung stated that the Sino-British Joint Declaration, the Basic Law and understandings and agreements reached between the China and Britain have constituted a right base for the smooth transfer of power and prosperity and stability in Hong Kong.

"The realization of smooth transition and the maintenance of prosperity and stability in Hong Kong and the harmonious cooperation between China and Britain are the popular will in Hong Kong," he said.

However, he said, the British Hong Kong authorities ran counter to the Sino-British Joint Declaration, the principles of convergence with the Basic Law and relevant understandings and agreements to create obstacles for the talks and cooperation between China and Britain. "This is by no means acceptable to the public in Hong Kong," he stressed.

"We solemnly demand Patten to withdraw his package, play no more tricks, create no more troubles, stop confrontation with China at the expense of the interests of the Hong Kong people," Kung said.

The union hopes the British Government would act in good faith and sincerely consult the Chinese side to solve the existing problems for the sake of the smooth transition and prosperity and stability in Hong Kong, he added.

Reform Dispute Affects PRC Property Investment*HK1603054193 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 16
Mar 93 pp 1, 4*

[By Barry Porter]

[Text] Governor Chris Patten's decision to gazette his electoral reform bill on Friday appears to have scuppered plans by mainland companies to begin a new round of property investment in the territory.

Agents had reported renewed interest in office and luxury residential property by big mainland buyers over the past fortnight leading up to Friday's announcement, possibly in anticipation of a resolution to the Sino-British political row.

Inquiries appeared to have risen in tune with stock market prices last week and are now expected to fall in a similar way.

Property prices are not likely to fall as a direct result of the latest political flareup, unlike during the market upheaval that followed the Tiananmen Square massacre in June 1989.

Large mainland companies have disappeared from the buying scene since Mr Patten's controversial inaugural governor's address in October last year in which he first outlined his planned political reforms.

Mainlanders had been by far the largest overseas investors in the local property market last year, reluctant to repatriate foreign earnings back into China where the value of the yuan has continued to fall. Hong Kong has turned into a place for mainland companies to park and shelter US dollars.

Observers believe Beijing may be using its influence to make the big corporations hold back on buying, piling added pressure on Mr Patten until his political reform plans for the 1994-95 elections are withdrawn. Most of the big companies tend to have government links.

Admittedly, an unstable political environment would probably have made these companies more reluctant to invest anyway.

But mainland companies are now said to be impatiently queuing up with their foreign funds, waiting to begin investing in Hong Kong property again as soon as the political climate is right and approval is given from Beijing.

Many smaller China companies, which tend to be less influenced by the government, seem to have carried on investing regardless, although admittedly on a more modest level.

Some small deals are being struck, as illustrated by Richard Ellis' sale last week of a 3,600 sq ft office in New East Ocean Centre, Kowloon, to a mainland buyer at \$7,280 a square foot.

Mr Peter Feely, Chesterton Petty executive director, said there had been a general increase in the office sales market from all quarters over the past three weeks following the seasonal lull during Christmas and the Lunar New Year.

He said the latest political twist would certainly have a short-term impact on the volume of activity, but prices would not be affected unless the political impasse continued for several more months.

"We had seen a lot of optimism coming in line with the stock market," he said. "This is going to put a short-term cap on it. People are going to be cautious."

Mr Peter Churchouse, Morgan Stanley property analyst, said the latest political development had sent shivers down people's spines.

But while he said there would be some companies altering or cancelling investment decisions, there was a general belief among businessmen that there would be a solution to the political row.

After Tiananmen Square that was not the case. All sorts of dire scenarios were floated, and property prices quickly tumbled and activity completely dried up.

China-Backed Department Stores To Accept Yuan

HK1303025093 Hong Kong SOUTH CHINA
MORNING POST in English 13 Mar 93 p 5

[Article by S.Y. Yue and Ng Kang-chung]

[Text] Local department stores have announced they will accept mainland currency in a move which some bankers believe could upset the money supply.

And concerns have been raised that shoppers could be confused by stores which show price-tags in local and Chinese currencies.

Major retail chain Yue Hwa Chinese Products Emporium has announced it will allow payment in yuan, while Chinese Arts and Crafts (Hong Kong) will start accepting yuan from Monday.

A spokeswoman for Chinese Arts and Crafts said training had been given to sales staff on how to translate local prices into yuan.

Deputy manager of Yue Hwa, Mr Yau Tak, expected more business after the change.

"It is convenient for mainland customers. They do not need to go to the bank to exchange.

"Individual stores will make their own decision, but I expect more stores will consider accepting yuan in view of the big number of mainland tourists," said Mr Yau.

Dragon Seed Company chief manager Mr Percy Wong said it would look at the market but saw no urgent need to accept the currency.

"Our mainland customers usually pay by credit cards or U.S. currency. But we shall look at the currency's popularity and may accept it in the future."

Retail Management Association chairman Mr Roger Thomas said most retailers were accepting foreign currencies and they might meet later to discuss the need to accept yuan.

But Standard Chartered Bank regional treasurer Mr Goh Gen-cheung said yesterday if the circulation of the yuan got bigger, it might be confusing, especially to tourists.

He said the Government should monitor the situation as the circulation of yuan would also affect the money supply and money growth.

"As more and more renminbi (yuan) circulates in Hong Kong, it adds to the overall money supply and thus would fuel inflation," Mr Goh said.

"However, the amount will be relatively small when compared with the \$6 billion worth of Hong Kong dollars in circulation."

Standard Chartered has no plan to provide yuan accounts for their customers because of the technical problems involved.

Mr Goh said the black market in China would grow as the yuan circulated in Hong Kong needed to be converted into hard currency such as Hong Kong dollars.

Senior manager of the Office of the Exchange Fund, Mr Chan Chi-chiu, however said the circulation of the yuan would not create problems.

"There has been no control over the circulation of foreign currencies in Hong Kong and renminbi is only one of them. There is no need for the Government to monitor or control it."

—Beijing relaxed its ban on people taking currency out of the country and allowed travellers to take up to 6,000 yuan (HK\$8,082) in and out of the country on March 1.

Triads Flying PRC Illegals to North America

HK1503050393 Hong Kong SOUTH CHINA
MORNING POST in English 15 Mar 93 p 1

[By Greg Torode]

[Text] In what is seen as a spectacular attempt by Hong Kong's notorious Sun Yee On triad group to dominate human smuggling from Asia, a local travel agency is flying plane-loads of Chinese illegal immigrants from southern China to North America via Belize.

Papers prepared by Canadian immigration officers in Hong Kong and obtained by the South China Morning Post centre on the director of the travel agency, responsible for a "massive international operation" code-named Chinese Charter.

The operation sees privately-hired 747s leave southern China loaded entirely with illegal immigrants, including senior mainland gangsters, with bogus documents provided by the travel agency.

Mr Gerry Campbell, senior counsellor (immigration) for the Commission for Canada, said he would not discuss

any intelligence reports but confirmed fresh information on Chinese Charter was to be examined.

"We're aware of the runmours of the Chinese Charter and it's an area we're looking at very strongly," he said.

Hong Kong police and United States and Australian consulate officials are examining the documents compiled by the Canadians, linking them to their own intelligence pending further co-operation to stop the flights.

The director, who has no criminal convictions, is said to be an enforcer for the Sun Yee On, which uses the travel agency as a front-company to control the illegal immigration trade. The confidential document describes him as someone "who has been involved in alien smuggling since 1963".

He faced scrutiny after trying to gain residency in Canada late last year with his wife and girlfriend as a family-class applicant.

His case is now under urgent review following tough new immigration laws which came into effect last month geared to stopping people entering Canada even if they are only under suspicion of being gang members.

The man and the company are also known to officials of the US State Department and its Immigration and Naturalisation Service based in Hong Kong.

Diplomatic sources said investigations were being made in Belize in Central America, where passengers are split into smaller groups for the final leg of their trip to either the U.S. or Canada.

Direct flights between southern China and North America are unlikely to be possible since extensive documentation is needed for landing rights in both Canada and the U.S. and obtaining them could put any smuggling operation at risk.

One diplomatic source said: "The logistics of such flights are quite incredible but certainly conceivable, given the involvement of a third country such as Belize.

"Any end results would be simply spectacular, and something we're all worried about."

The Sun Yee On is understood to be trying to cover all aspects of the trade, highlighted by the recent East Wood interception, dominating all sea and air migrant smuggling routes.

The freighter East Wood was found midway during a journey from Hong Kong to Hawaii with about 500 illegal immigrants on board.

A source said the new generation of jet-setting illegal immigrants from China revealed a "very worrying" new trend because it showed the human smuggling trade had become more sophisticated.

The source said tickets on the jets cost at least US\$50,000 (HK\$386,600), about a third more than berths in the holds of ships such as the East Wood.

The triad's Chinese Charter efforts are seen as a major threat to all authorities concerned, allowing for hundreds to be moved at one time and catering to wealthy criminals, another source said.

"Large number of rich criminals joining friends and family in major cities across North America is the biggest worry," he said.

'No Results' in G-7 Meeting on Aid for Russia

*HK1703074693 Hong Kong TA KUNG PAO in Chinese
17 Mar 93 p 6*

[From the "Political Talk" column by Shih Chun-yu (2457 0689 3768)]

[Text] Russian Deputy Prime Minister Arrived in Hong Kong Last Week

Russian Deputy Prime Minister Fedorov accepted an invitation by seven Western nations last weekend to come to Hong Kong to attend a meeting of seven nations' representatives on providing economic aid to Russia. The meeting concluded on 15 March, but the seven Western nations could not reach a detailed agreement on how to aid Russia. Only Koichiro Matsuura, foreign affairs examiner in the Japanese Ministry of Foreign Affairs, issued a brief statement indicating that the "seven nations will continue to concentrate on discussions about detailed measures to aid Russia." Then the meeting ended.

Matsuura was Japanese consulate general to Hong Kong several years ago. This time he was president of the presidium of the meeting between the seven nations and Russia. The participating sides originally wished that this deputy prime minister who was sent to Hong Kong to hold urgent discussions with the seven nations' representatives would "reap something," because Russia is facing increasingly serious economic difficulties, Yeltsin's reform has failed, and his position is shaky and in danger. But in the end he had to return empty handed. Therefore, Moscow's disappointment with the West is self-evident.

The seven nations' representatives meeting in Hong Kong was urgent, but did not produce results mainly because these nations thought Russia's political situation is not stable, its economic reform is slow, it has many problems, and the West was doubtful about whether or not the aid would be of some use. They also held different attitudes toward Russia, and this suggests that there are complicated problems behind Russia's situation.

High-Ranking Russian Officials Bring a Program To Ask for Aid

Upon their arrival in Hong Kong on 13 March, Fedorov and his entourage said that they had come with some

specific demands to be proposed to the seven nations. These demands included: First, the West should aid Russia in changing its huge military industrial structure into civilian enterprises. Second, Russia hoped that the West would help it build a large number of small and medium enterprises focusing on the market economy. Third, Russia hoped that the West would agree to its postponement of debt and interest repayments. Apart from these there were also a dozen or so economic development projects.

After the meeting, Deputy Prime Minister Fedorov said with a forced smile: "I am satisfied with this meeting" but "there must be some results which the Russian people can see." He was quite dissatisfied with the seven nations' verbal slogan of "being willing to aid Russia."

Western Aid to Russia Is Difficult To Implement

Economics Professor Jerry Sax of Harvard University said that judging by Russia's present standard of living, the seven nations would need \$12 billion to provide aid to Russia if they would do so; industrial transformation would require an investment of \$9 billion; third [as published], import accounting shows a lack of funding, which needs \$25 billion in aid to be provided for Russia.

In addition, former Russian [as published] and East European troops are still stationed in East European countries. To withdraw these former Soviet troops requires the payment of huge transportation charges and unemployment insurance funds, and each of these requires several billion U.S. dollars.

After these proposals were made, the seven nations were hesitant. They were unable and unwilling to provide substantial aid, but only promised that Russia could temporarily postpone its interest payment for the \$75 billion loan from the seven nations.

The seven Western nations in the last minute decided not to aid Russia because they were unwilling and unable to provide aid. West European nations are busy enough with their own problems, so they could not reach an agreement on aiding Russia despite the urgent meeting. Yeltsin's Russia seems to have entered a blind alley. How it will change and affect the world situation remains to be seen.

Macao

Sino-Portuguese Joint Liaison Group Meeting Ends

OW1203154693 Beijing XINHUA in English 1427
GMT 12 Mar 93

[Text] Macao, March 12 (XINHUA)—The 16th meeting of the Sino-Portuguese Joint Liaison Group (JLG) closed here today.

During the four-day meeting, the two sides discussed the three key issues in Macao, namely localization of civil servants, the official position of the Chinese language and Chinese translation of laws.

They also exchanged views on the involvement of the Bank of China in money-issuing matters, construction of the international airport in Macao and other matter relating to the transitional period.

The two sides signed minutes of talks on the participation of Macao in the Asia and Pacific Development Center and in the Western Pacific Regional Association.

They had decided that the next meeting is to be held between June 22 to 25, 1993 in Lisbon.

Bank Offers Flexible Renminbi Exchange Rate

HK1603092193 Hong Kong THE STANDARD in
English 16 Mar 93 p 17

[By Harald Bruning in Macao]

[Text] Banco Hang Sang SARL [expansion unknown], which is incorporated in Macao, has announced the immediate start of renminbi flexible exchange rate operations, the first bank to do so in the Portuguese enclave.

The bank said the decision to offer a flexible renminbi exchange rate was based on a Chinese government decision to allow travellers to take up to 6,000 renminbi (HK\$6,600) [Hong Kong dollars] in and out of the country.

Yesterday, the bank was buying renminbi at the rate of 112 yuan per 100 patacas and selling at 117 yuan per 100 patacas. The official rate is 74.05 yuan per 100 patacas.

Yesterday, the flexible rate was 105.62 yuan for 100 patacas compared with the official rate of 71.89 yuan for 100 patacas.

The bank also announced the immediate start of postal and telegraphic transfer services with China in renminbi and Hong Kong dollars with its Chinese agent bank, the Industrial and Commercial Bank of China.

Chairman of the Banco Hang Sang is Stanley Au Chong-kit, of Hong Kong's Forex Group of companies.

The bank, incorporated in Macao in 1972, has seven branches in the enclave plus its headquarters.

The Macao branch of the Bank of China announced this month that it would begin flexible exchange rate operations soon.

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18 MARCH 1993

